UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission File Number: 001-35493

STEEL PARTNERS

STEEL PARTNERS HOLDINGS L.P.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**13-3727655**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
590 Madison Avenue, 32nd Floor **New York, New York**	**10022**
(Address of Principal Executive Offices)	(Zip Code)

(212) 520-2300
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on which Registered
Common Units, no par value	SPLP	New York Stock Exchange
6.0% Series A Preferred Units	SPLP-PRA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑
Non-accelerated filer ☐	Smaller reporting company ☑
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The number of common units outstanding as of May 1, 2023 was 21,666,894.

STEEL PARTNERS HOLDINGS L.P.
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Balance Sheets
(Unaudited)
(in thousands, except common units)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 305,054	$ 234,448
Trade and other receivables - net of allowance for doubtful accounts of $2,315 and $2,414, respectively	199,595	183,861
Loans receivable, including loans held for sale of $694,993 and $602,675, respectively, net	1,314,173	1,131,745
Inventories, net	220,911	214,084
Prepaid expenses and other current assets	42,444	41,090
Total current assets	2,082,177	1,805,228
Long-term loans receivable, net	495,572	423,248
Goodwill	125,910	125,813
Other intangible assets, net	91,370	94,783
Other non-current assets	162,045	195,859
Property, plant and equipment, net	240,108	238,510
Operating lease right-of-use assets	49,716	42,711
Long-term investments	305,960	309,697
Total Assets	$ 3,552,858	$ 3,235,849
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$ 120,080	$ 109,572
Accrued liabilities	106,898	112,744
Deposits	1,572,301	1,360,477
Short-term debt	987	685
Current portion of long-term debt	67	67
Other current liabilities	67,197	65,598
Total current liabilities	1,867,530	1,649,143
Long-term deposits	281,900	208,004
Long-term debt	182,205	179,572
Other borrowings	31,692	41,682
Preferred unit liability	152,908	152,247
Accrued pension liabilities	87,864	84,948
Deferred tax liabilities	48,161	41,055
Long-term operating lease liabilities	42,756	35,512
Other non-current liabilities	38,001	42,226
Total Liabilities	2,733,017	2,434,389
Commitments and Contingencies		
Capital:		
Partners' capital common units: 21,667,031 and 21,605,093 issued and outstanding (after deducting 17,980,183 and 17,904,679 units held in treasury, at cost of $312,505 and $309,257), respectively	969,425	952,094
Accumulated other comprehensive loss	(150,781)	(151,874)
Total Partners' Capital	818,644	800,220
Noncontrolling interests in consolidated entities	1,197	1,240
Total Capital	819,841	801,460
Total Liabilities and Capital	$ 3,552,858	$ 3,235,849

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Operations
(Unaudited)
(in thousands, except common units and per common unit data)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue:		
Diversified Industrial net sales	$ 304,426	$ 327,249
Energy net revenue	48,164	38,317
Financial Services revenue	92,781	40,179
Total revenue	445,371	405,745
Costs and expenses:		
Cost of goods sold	261,293	268,170
Selling, general and administrative expenses	114,954	86,124
Asset impairment charges	—	403
Finance interest expense	13,741	1,164
Provision for credit losses	7,806	1,282
Interest expense	5,986	4,524
Realized and unrealized (gains) losses on securities, net	(607)	27,726
Other income, net	(1,176)	(441)
Total costs and expenses	401,997	388,952
Income from operations before income taxes and equity method investments	43,374	16,793
Income tax provision	14,604	7,609
Loss of associated companies, net of taxes	3,967	4,643
Net income	24,803	4,541
Net loss attributable to noncontrolling interests in consolidated entities	43	24
Net income attributable to common unitholders	$ 24,846	$ 4,565
Net income per common unit - basic		
Net income attributable to common unitholders	$ 1.15	$ 0.21
Net income per common unit - diluted		
Net income attributable to common unitholders	$ 1.09	$ 0.20
Weighted-average number of common units outstanding - basic	21,685,794	22,209,071
Weighted-average number of common units outstanding - diluted	25,541,246	22,643,016

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	**2022**
Net income	$ 24,803	$ 4,541
Other comprehensive income (loss), net of taxes:		
Currency translation adjustments	1,093	(459)
Other comprehensive income (loss)	1,093	(459)
Comprehensive income	25,896	4,082
Comprehensive loss attributable to noncontrolling interests	43	24
Comprehensive income attributable to common unitholders	$ 25,939	$ 4,106

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Changes in Capital
(Unaudited)
(in thousands, except common units and treasury units)

	Steel Partners Holdings L.P. Common Unitholders						Noncontrolling Interests in Consolidated Entities	Total Capital
	Common Units	Treasury Units - Units	Treasury Units - Dollars	Partners' Capital	Accumulated Other Comprehensive Loss	Total Partners' Capital		
Balance as of December 31, 2022	39,509,772	(17,904,679)	$ (309,257)	$ 952,094	$ (151,874)	$ 800,220	$ 1,240	$ 801,460
Cumulative effect of change in accounting principle for current expected credit losses, net of tax	—	—	—	(3,862)	—	(3,862)	—	(3,862)
Net income (loss)	—	—	—	24,846	—	24,846	(43)	24,803
Currency translation adjustments	—	—	—	—	1,093	1,093	—	1,093
Equity compensation - restricted units	146,414	—	—	(11)	—	(11)	—	(11)
Tax withholding related to vesting of restricted units	(8,972)	—	—	(333)	—	(333)	—	(333)
Purchases of SPLP common units	—	(75,504)	(3,248)	(3,248)	—	(3,248)	—	(3,248)
Other, net	—	—	—	(61)	—	(61)	—	(61)
Balance as of March 31, 2023	39,647,214	(17,980,183)	$ (312,505)	$ 969,425	$ (150,781)	$ 818,644	$ 1,197	$ 819,841

	Steel Partners Holdings L.P. Common Unitholders						Noncontrolling Interests in Consolidated Entities	Total Capital
	Common Units	Treasury Units - Units	Treasury Units - Dollars	Partners' Capital	Accumulated Other Comprehensive Loss	Total Partners' Capital		
Balance as of December 31, 2021	37,828,941	(16,810,932)	$ (264,284)	$ 795,140	$ (131,803)	$ 663,337	$ 5,711	$ 669,048
Net income (loss)	—	—	—	4,565	—	4,565	(24)	4,541
Currency translation adjustments	—	—	—	—	(459)	(459)	—	(459)
Equity compensation - restricted units	(37,315)	—	—	119	—	119	—	119
Purchases of SPLP common units	—	(268,623)	(10,418)	(10,418)	—	(10,418)	—	(10,418)
Purchases of subsidiary shares from noncontrolling interests	—	—	—	(3,942)	—	(3,942)	(4,664)	(8,606)
Balance as of March 31, 2022	37,791,626	(17,079,555)	$ (274,702)	$ 785,464	$ (132,262)	$ 653,202	$ 1,023	$ 654,225

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	24,803	4,541
Adjustments to reconcile net income from continuing operations to net cash (used in) provided by operating activities:		
Provision for credit losses	7,806	1,282
Loss of associated companies, net of taxes	3,967	4,643
Realized and unrealized (gains) losses on securities, net	(607)	27,726
Derivative gains on economic interests in loans	(1,260)	(1,030)
Deferred income taxes	9,722	(1,106)
Depreciation and amortization	12,943	14,163
Non-cash lease expense	2,832	2,496
Equity-based compensation	(11)	119
Other	4,146	(1,147)
Net change in operating assets and liabilities:		
Trade and other receivables	(15,398)	(36,357)
Inventories	(6,585)	(22,474)
Prepaid expenses and other assets	(13,440)	(5,443)
Accounts payable, accrued and other liabilities	15,152	53,956
Net increase in loans held for sale	(92,318)	(54,679)
Net cash used in operating activities	(48,248)	(13,310)
Cash flows from investing activities:		
Purchases of investments	(5,729)	(19,015)
Proceeds from sales of investments	36	—
Proceeds from maturities of investments	36,512	5,364
Return of investment in associated companies	1,000	—
Loan originations, net of collections	(174,982)	56,879
Purchases of property, plant and equipment	(10,708)	(7,746)
Other	(92)	—
Net cash (used in) provided by investing activities	(153,963)	35,482
Cash flows from financing activities:		
Net revolver borrowings (repayments)	2,953	(1,419)
Repayments of term loans	(17)	(25)
Purchases of the Company's common units	(3,248)	(10,418)
Net decrease in other borrowings	(9,950)	(117,733)
Distribution to preferred unitholders	(2,408)	(2,408)
Purchase of subsidiary shares from noncontrolling interest	—	(8,606)
Tax withholding related to vesting of restricted units	(333)	—
Net increase (decrease) in deposits	285,720	(5,255)
Net cash provided by (used in) financing activities	272,717	(145,864)
Net change for the period	70,506	(123,692)
Effect of exchange rate changes on cash and cash equivalents	100	(239)
Cash, cash equivalents and restricted cash at beginning of period	234,448	325,363
Cash, cash equivalents and restricted cash at end of period	$ 305,054	$ 201,432

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

All amounts used in the Notes to Consolidated Financial Statements are in thousands, except common and preferred units, per common and preferred unit, share and per share data.

1. NATURE OF THE BUSINESS AND BASIS OF PRESENTATION

Nature of the Business

Steel Partners Holdings L.P. ("we," "our," "SPLP" or "Company") is a diversified global holding company that engages in multiple businesses through consolidated subsidiaries and other interests. It owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, defense, supply chain management and logistics, banking and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy and Financial Services, which are managed separately and offer different products and services. For additional details related to the Company's reportable segments, see Note 17 - "Segment Information." Steel Partners Holdings GP Inc. ("SPH GP"), a Delaware corporation, is the general partner of SPLP and is wholly-owned by SPLP. The Company is managed by SP General Services LLC ("Manager"), pursuant to the terms of an amended and restated management agreement ("Management Agreement") discussed in further detail in Note 16 - "Related Party Transactions."

Basis of Presentation

The accompanying unaudited consolidated financial statements as of March 31, 2023 and for the three-month periods ended March 31, 2023 and 2022, which have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim periods, include the accounts of the Company and its consolidated subsidiaries. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been reflected herein. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the operating results for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 ("Annual Report" or "Form 10-K"), from which the consolidated balance sheet as of December 31, 2022 has been derived.

The Company's fiscal quarter ends on the last day of the calendar quarter; however, for certain subsidiaries of the Company, the fiscal quarter periods end on the Saturday that is closest to the last day of the calendar quarter, except for the last quarterly period of the fiscal year. The Company and all its subsidiaries close their books for fiscal years on December 31. For ease of presentation, the quarterly financial statements included herein are described as ending on the last day of the calendar quarter.

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), but is not required for interim reporting purposes, has been condensed or omitted. Management must make estimates and assumptions that affect the consolidated financial statements and the related footnote disclosures. While management uses its best judgment, actual results may differ from those estimates. Certain reclassifications have been made to the prior period financial statements and notes to conform to the current period presentation.

Adoption of New Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). This new standard changed the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and added certain new required disclosures. Under the expected loss model, entities recognize estimated credit losses over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. The Company adopted ASU 2016-13 on January 1, 2023. The guidance was applied on a modified-retrospective basis, with the cumulative-effect adjustment recorded to partners' capital on the adoption date. The adoption did not have a material effect on the Company’s trade receivables and other financial assets of its Diversified Industrial and Energy segments. The Company's Financial Services segment recognized an increase of $5,248 to its Allowance for Credit Losses and a decrease of $3,862, net of tax cumulative effect adjustment to the beginning balance of partners' capital from the adoption of ASU 2016-13.

WebBank analyzed the portfolio segments and classes of financing receivables based on the implementation of the new standard. There were no necessary changes in the portfolio segments or classes of financing receivables.

The amortized cost basis for loans is the combination of the balance, deferred fees and costs, and premium or discount. WebBank does not generally record an allowance for credit losses ("ACL") for accrued interest because uncollectible accrued interest is reversed through interest income in a timely manner in line with the nonaccrual and past due policies for loans. Accrued interest is included in other assets on the consolidated balance sheets.

As a result of the Company's adoption of ASU 2016-13, the following significant accounting policies have been updated from the policies described in the Annual Report on Form 10-K.

Loans Receivable, Including Loans Held for Sale

WebBank's loan activities include several lending arrangements with companies where it originates credit card and other loans for consumers and small businesses. These loans are classified as Loans receivable and are typically sold after origination. As part of these arrangements, WebBank earns fees that are recorded in non-interest income. Fees earned from these lending arrangements are recorded as fee income. WebBank also purchases participations in commercial and industrial loans through loan syndications. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at amortized cost. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the estimated life of the loan.

Loans held for sale are carried at amortized cost. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and amortized cost.

Loans that are collateral-dependent are measured at the lower of amortized cost or the fair value of the collateral less the cost to sell.

Loans are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent for commercial loans, 120 days for consumer loans and 180 days for small business loans unless the loan is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

The ACL, which consist of the allowance for loan losses, reserves for unfunded loan commitments, and the allowance on held to maturity debt securities, represents managements estimate of current expected credit losses over the contractual term of WebBank’s loan portfolio, unfunded lending commitments, and held to maturity debt securities as of the balance sheet date.

The reserves for unfunded lending commitments is included in other current liabilities on the consolidated balance sheets. The allowance for held to maturity debt securities is estimated separately from loans and carried at net amortized cost included in other non-current assets on the consolidated balance sheets.

The ACL is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged against the ACL and recognized in the consolidated statements of operations when management believes the recorded loan balance is confirmed as uncollectible.

Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. WebBank leverages economic projections from a third-party provider on a quarterly basis to generate macroeconomic factors for a two-year reasonable and supportable timeframe, before reverting to the baseline loss-curve implied loss expectations.

After applying historic loss experience, the quantitatively derived level of ACL is reviewed for each segment using qualitative criteria. Various risk factors are tracked that influence our judgment regarding the level of the ACL across the portfolio segments. Primary qualitative factors that may be reflected in the quantitative models include:

- Asset quality trends
- Risk management and loan administration practices
- Portfolio management and controls
- Effect of changes in the nature and volume of the portfolio
- Changes in lending policies and underwriting policies
- Existence and effect of any portfolio concentrations
- National economic business conditions and other macroeconomic adjustments
- Regional and local economic and business conditions
- Data availability and applicability
- Industry monitoring
- Value of underlying collateral

Changes in the level of the ACL reflect changes in these factors. The magnitude of the impact of each of these factors on the qualitative assessment of the ACL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. Also considered is the uncertainty inherent in the estimation process when evaluating the ACL.

Accounting Standards Not Yet Effective

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new standard clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the security. The new standard also requires certain disclosures related to equity securities with contractual sale restrictions. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The standard should be applied prospectively. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements and related disclosures.

2. REVENUES

Disaggregation of Revenues

Revenues are disaggregated at the Company's segment level since the segment categories depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors. For additional details related to the Company's reportable segments, see Note 17 - "Segment Information."

The following table presents the Company's revenues disaggregated by geography for the three months ended March 31, 2023 and 2022. The Company's revenues are primarily derived domestically. Foreign revenues are based on the country in which the legal subsidiary generating the revenue is domiciled. Revenue from any single foreign country was not material to the Company's consolidated financial statements.

	Three Months Ended March 31,	
	2023	2022
United States	$ 426,165	$ 384,270
Foreign	19,206	21,475
Total revenue	$ 445,371	$ 405,745

Contract Balances

Differences in the timing of revenue recognition, billings and cash collections result in billed trade receivables, unbilled receivables (contract assets) and deferred revenues (contract liabilities) on the consolidated balance sheets.

Contract Assets

Unbilled receivables arise when the timing of billings to customers differs from the timing of revenue recognition, such as when the Company recognizes revenue over time before a customer can be billed. Contract assets are classified as Prepaid expenses and other current assets on the consolidated balance sheets. As of March 31, 2023 and December 31, 2022, the contract asset balance was $11,623 and $11,937, respectively.

Contract Liabilities

The Company records deferred revenues when cash payments are received or due in advance of the Company's performance, including amounts that are refundable, which are recorded as contract liabilities. Contract liabilities are classified as Other current liabilities on the consolidated balance sheets, based on the timing of when the Company expects to recognize revenue.

	Contract Liabilities
Balance at December 31, 2022	$ 4,380
Deferral of revenue	5,031
Recognition of unearned revenue	(4,687)
Balance at March 31, 2023	**$ 4,724**
Balance at December 31, 2021	$ 3,396
Deferral of revenue	431
Recognition of unearned revenue	(617)
Balance at March 31, 2022	**$ 3,210**

3. ACQUISITION AND DIVESTITURES

WebBank Acquisition of Security Premium Finance

On August 2, 2022, the Company, through its wholly-owned subsidiary, WebBank, completed the acquisition of Security Premium Finance Company, LLC ("Security Premium Finance"), based in Coral Gables, Florida for a total purchase price of $47,280 which was financed with cash on hand. The purchase price contains a profit share interest valued at approximately $1,440, of which $190 was unpaid as of March 31, 2023. Security Premium Finance provides insurance premium financing services for commercial and consumer clients to purchase property and casualty insurance products. In connection with the acquisition, the Company recorded premium finance receivables, other intangible assets and goodwill associated with the acquisition, totaling approximately $43,124, $1,370, and $2,959, respectively, as well as other assets and liabilities. Other intangible assets primarily consist of agent relationships. The goodwill from the acquisition consists largely of the synergies expected from combining the operations of the two businesses. The goodwill of $2,959 is expected to be deductible for income tax purposes.

The purchase price and purchase price allocation of Security Premium Finance were finalized as of March 31, 2023, with no significant changes to preliminary amounts. The results of operations of Security Premium Finance are included with WebBank in the Company's Financial Services segment.

2022 Noncontrolling Interest Acquisition

On January 7, 2022, the Company entered into stock purchase agreements with certain stockholders of iGo, Inc. ("iGo") to purchase such stockholders’ shares of iGo common stock at $5.50 per share in cash. Following the acquisition of such shares, the Company owned more than 90% of iGo’s outstanding shares. On January 14, 2022, iGo merged with a subsidiary of the Company ("Merger") without a vote or meeting of iGo's stockholders pursuant to the short-form merger provisions under the Delaware General Corporation Law. All remaining shares of iGo common stock not owned by the Company immediately prior to the Merger were converted into the right to receive $5.50 per share in cash, and the Company acquired all iGo shares it previously did not own for approximately $8,606. Upon completion of the Merger, iGo became a wholly-owned subsidiary of the Company.

2022 Investment in Nonconsolidated Affiliate

On April 1, 2022, the Company acquired an interest in PCS-Mosaic Co-Invest L.P. ("PCS-Mosaic"), a private investment fund for a purchase price of approximately $23,600. The fund is primarily invested in specialized software development and training services. The Company accounts for its investment as an equity method investment as the Company does not have a controlling financial interest. The Company has not elected the fair value option to account for PCS-Mosaic which will be carried at cost, plus or minus the Company's share of net earnings or losses of the investment, subject to certain other adjustments. The Company’s share of net earnings or losses of the investment is included in Income (loss) of associated companies, net of tax on the Company’s consolidated statements of operations. Dividends received from the investee reduce the carrying amount of the investment. Due to the timing of receiving financial information from PCS-Mosaic, the Company records its share of net earnings or losses on a three month lag basis.

2022 Divestiture of SLPE Business

On April 25, 2022, the Company completed the sale of its subsidiary, SL Power Electronics Corporation ("SLPE"), to AEI US Subsidiary LLC, a subsidiary of Advanced Energy Industries, Inc. for a sales price of $144,500, consisting entirely of cash, subject to customary closing net working capital adjustments. SLPE designed, manufactured, and marketed power conversion solutions for original equipment manufacturers in the medical, lighting, audio-visual, controls, and industrial sectors and comprised the Company’s Electrical Products business in the Diversified Industrial segment. SLPE recognized net sales of $14,686 and a loss before taxes of $120 for the three months ended March 31, 2022.

4. LOANS RECEIVABLE, INCLUDING LOANS HELD FOR SALE

Major classifications of Loans receivable, including loans held for sale, held by WebBank as of March 31, 2023 and December 31, 2022 are as follows:

	Total				Current		Non-current	
	March 31, 2023	**%**	**December 31, 2022**	**%**	**March 31, 2023**	**December 31, 2022**	**March 31, 2023**	**December 31, 2022**
Loans held for sale	$ 694,993		$ 602,675		$ 694,993	$ 602,675	$ —	$ —
Commercial real estate loans	$ 1,270	— %	$ 987	— %	$ —	$ —	$ 1,270	$ 987
Commercial and industrial	1,020,600	89 %	857,817	87 %	544,523	472,934	476,077	384,883
Consumer loans	129,575	11 %	123,204	13 %	111,350	85,826	18,225	37,378
Total loans	1,151,445	100 %	982,008	100 %	655,873	558,760	495,572	423,248
Less:								
Allowance for credit losses	(36,693)		(29,690)		(36,693)	(29,690)	—	—
Total loans receivable, net	$ 1,114,752		$ 952,318		619,180	529,070	495,572	423,248
Loans receivable, including loans held for sale [(a)]					$ 1,314,173	$ 1,131,745	$ 495,572	$ 423,248

(a) The amortized cost of loans receivable, including loans held for sale, is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of loans receivable, including loans held for sale, was $1,808,971 and $1,548,035 as of March 31, 2023 and December 31, 2022, respectively.

Loans with an amortized cost of approximately $438,244 and $323,740 were pledged as collateral for potential borrowings as of March 31, 2023 and December 31, 2022, respectively. WebBank serviced $1,901 and $2,700 in loans for others as of March 31, 2023 and December 31, 2022, respectively.

WebBank sold loans classified as loans held for sale of $4,275,373 and $3,006,100 during the three months ended March 31, 2023 and 2022, respectively. The sold loans were derecognized from the consolidated balance sheets. Loans classified as loans held for sale primarily consist of consumer and small business loans. Amounts added to loans held for sale during the same periods were $4,388,701 and $3,072,573, respectively.

WebBank's ACL increased $7,003, or 23.6%, during the three months ended March 31, 2023. WebBank continues to monitor the impact of the current economic environment, including potential future negative impacts to its loan portfolio.

Changes in the ACL are summarized as follows:

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2022	$ 28	$ 18,493	$ 11,169	$ 29,690
Impact of adopting current expected credit loss accounting guidance	1	1,144	3,597	4,742
Charge-offs	—	(3,493)	(2,539)	(6,032)
Recoveries	5	328	154	487
Provision	7	5,156	2,643	7,806
March 31, 2023	$ 41	$ 21,628	$ 15,024	$ 36,693

	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
December 31, 2021	$ 23	$ 9,205	$ 4,697	$ 13,925
Charge-offs	—	(947)	(1,273)	(2,220)
Recoveries	7	415	407	829
(Benefit) Provision	(5)	648	639	1,282
March 31, 2022	$ 25	$ 9,321	$ 4,470	$ 13,816

The ACL and outstanding loan balances are summarized as follows:

March 31, 2023	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for credit losses:				
Individually evaluated for impairment	$ 8	$ 876	$ —	$ 884
Collectively evaluated for impairment	33	20,752	15,024	35,809
Total	$ 41	$ 21,628	$ 15,024	$ 36,693
Outstanding loan balances:				
Individually evaluated for impairment	$ 8	$ 4,171	$ —	$ 4,179
Collectively evaluated for impairment	1,262	1,016,429	129,575	1,147,266
Total	$ 1,270	$ 1,020,600	$ 129,575	$ 1,151,445

December 31, 2022	Commercial Real Estate Loans	Commercial & Industrial	Consumer Loans	Total
Allowance for loan losses:				
Individually evaluated for impairment	$ 8	$ 825	$ —	$ 833
Collectively evaluated for impairment	20	17,668	11,169	28,857
Total	$ 28	$ 18,493	$ 11,169	$ 29,690
Outstanding loan balances:				
Individually evaluated for impairment	$ 8	$ 4,357	$ —	$ 4,365
Collectively evaluated for impairment	979	853,460	123,204	977,643
Total	$ 987	$ 857,817	$ 123,204	$ 982,008

Nonaccrual and Past Due Loans

Commercial and industrial loans past due 90 days or more and still accruing interest were $10,620 and $11,260 at March 31, 2023 and December 31, 2022, respectively. Consumer loans past due 90 days or more and still accruing interest were $5,170 and $4,680 at March 31, 2023 and December 31, 2022, respectively. The Company had nonaccrual loans of $788 at March 31, 2023 and December 31, 2022.

Past due loans (accruing and nonaccruing) are summarized as follows:

March 31, 2023	Current	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Recorded Investment In Accruing Loans 90+ Days Past Due	Nonaccrual Loans That Are Current [(a)]
Commercial real estate loans	$ 1,270	$ —	$ —	$ —	$ 1,270	$ —	$ —
Commercial and industrial	997,380	12,600	10,620	23,220	1,020,600	10,620	788
Consumer loans	120,565	3,840	5,170	9,010	129,575	5,170	—
Total loans	$ 1,119,215	$ 16,440	$ 15,790	$ 32,230	$ 1,151,445	$ 15,790	$ 788

December 31, 2022	Current	30-89 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Recorded Investment In Accruing Loans 90+ Days Past Due	Nonaccrual Loans That Are Current [(a)]
Commercial real estate loans	$ 987	$ —	$ —	$ —	$ 987	$ —	$ —
Commercial and industrial	832,757	13,800	11,260	25,060	857,817	11,260	788
Consumer loans	115,054	3,470	4,680	8,150	123,204	4,680	—
Total loans	$ 948,798	$ 17,270	$ 15,940	$ 33,210	$ 982,008	$ 15,940	$ 788

(a) Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

Credit Quality Indicators

In addition to the past due and nonaccrual criteria, loans are analyzed using a loan grading system. Generally, internal grades are assigned to commercial loans based on the performance of the loans, financial/statistical models and loan officer judgment. For consumer loans and some commercial and industrial loans, the primary credit quality indicator is payment status. Reviews and grading of loans with unpaid principal balances of $100 or more is performed once per year. Grades follow definitions of Pass, Special Mention, Substandard and Doubtful, which are consistent with published definitions of regulatory risk classifications. The definitions of Pass, Special Mention, Substandard and Doubtful are summarized as follows:

- *Pass*: An asset in this category is a higher quality asset and does not fit any of the other categories described below. The likelihood of loss is considered remote.
- *Special Mention*: An asset in this category has a specific weakness or problem but does not currently present a significant risk of loss or default as to any material term of the loan or financing agreement.
- *Substandard*: An asset in this category has a developing or minor weakness or weaknesses that could result in loss or default if deficiencies are not corrected or adverse conditions arise.
- *Doubtful*: An asset in this category has an existing weakness or weaknesses that have developed into a serious risk of significant loss or default with regard to a material term of the financing agreement.

Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

March 31, 2023	Non - Graded	Pass	Special Mention	Sub-standard	Doubtful	Total Loans
Commercial real estate loans	$ —	$ 1,262	$ —	$ 8	$ —	$ 1,270
Commercial and industrial	623,651	392,778	—	3,383	788	1,020,600
Consumer loans	129,575	—	—	—	—	129,575
Total loans	$ 753,226	$ 394,040	$ —	$ 3,391	$ 788	$ 1,151,445

December 31, 2022	Non - Graded	Pass	Special Mention	Sub-standard	Doubtful	Total Loans
Commercial real estate loans	$ —	$ 979	$ —	$ 8	$ —	$ 987
Commercial and industrial	566,419	287,041	—	3,569	788	857,817
Consumer loans	123,204	—	—	—	—	123,204
Total loans	$ 689,623	$ 288,020	$ —	$ 3,577	$ 788	$ 982,008

During the three months ended March 31, 2023, WebBank did not issue new loans under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The existing loans were funded by the PPP Liquidity Facility, have terms of between two and five years, and their repayment is guaranteed by the SBA. Payments by borrowers on the loans can begin up to 16 months after the note date, and interest will continue to accrue during the 16-month deferment at 1%. Loans can be forgiven in whole or in part (up to full principal and any accrued interest) if certain criteria are met. Loan processing fees paid to WebBank from the SBA are accounted for as loan origination fees. Net deferred fees are recognized over the life of the loan as yield adjustments on the loans. If a loan is paid off or forgiven by the SBA prior to its maturity date, the remaining unamortized deferred fees will be recognized in interest income at that time. The PPP loans are included in Commercial and industrial loans in the table above. As of March 31, 2023, the total PPP loans and associated liabilities were $36,013 and $31,692, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of March 31, 2023. As of December 31, 2022, the total PPP loans and associated liabilities were $48,656 and $41,682, respectively, and included in Long-term loans receivable, net, and Other borrowings, respectively, in the consolidated balance sheet as of December 31, 2022. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan. WebBank has received forgiveness payments from the SBA and received payments from borrowers of $12,672 during the three months ended March 31, 2023.

The Company is offering loan modifications to assist borrowers during the COVID-19 pandemic. The CARES Act along with the interagency statement issued by the federal banking agencies provides that loan modifications made in response to COVID-19 do not need to be accounted for as a troubled debt restructuring ("TDR"). Accordingly, the Company does not account for such loan modifications as TDRs. The Company's loan modifications allow for payment deferrals, payment reduction, and settlements amongst others. As of March 31, 2023, the Company had granted loan modifications on $2,122 of loans. The loan modification program is ongoing and additional loans continue to be granted modifications. The Company granted approximately 4,554 short–term deferments on loan balances of $2,122, which represent 0.18% of total loan balances as of March 31, 2023. These loan modifications are not classified as TDRs and will not be reported as past due provided that they are performing in accordance with the modified terms.

5. INVENTORIES, NET

A summary of Inventories, net is as follows:

	March 31, 2023	December 31, 2022
Finished products	$ 60,220	$ 57,487
In-process	43,860	39,300
Raw materials	78,028	79,008
Fine and fabricated precious metal in various stages of completion	39,280	39,104
	221,388	214,899
LIFO reserve	(477)	(815)
Total	$ 220,911	$ 214,084

Fine and Fabricated Precious Metal Inventory

In order to produce certain of its products, the Company purchases, maintains and utilizes precious metal inventory. The Company records certain precious metal inventory at the lower of last-in-first-out ("LIFO") cost or market value, with any adjustments recorded through Cost of goods sold. Remaining precious metal inventory is accounted for primarily at fair value.

The Company obtains certain precious metals under a fee consignment agreement. As of March 31, 2023 and December 31, 2022, the Company had approximately $30,068 and $29,381, respectively, of precious metals, principally silver, under consignment, which are recorded at fair value in Inventories, net with a corresponding liability for the same amount recorded in Accounts payable on the Company's consolidated balance sheets. Fees charged under the consignment agreement are recorded in Interest expense in the Company's consolidated statements of operations.

	March 31, 2023	December 31, 2022
Supplemental inventory information:		
Precious metals stated at LIFO cost	$ 4,101	$ 6,678
Precious metals stated under non-LIFO cost methods, primarily at fair value	$ 34,702	$ 31,611
Market value per ounce:		
Silver	$ 24.09	$ 23.91
Gold	$ 1,974.79	$ 1,824.52
Platinum	$ 999.40	$ 1,073.91
Palladium	$ 1,476.80	$ 1,799.36

6. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

A summary of the change in the carrying amount of goodwill by reportable segment is as follows:

	Diversified Industrial	Energy	Financial Services	Corporate and Other	Total
Balance as of December 31, 2022					
Gross goodwill	$ 155,183	$ 67,143	$ 9,474	$ 81	$ 231,881
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	113,905	2,353	9,474	81	125,813
Currency translation adjustments	97	—	—	—	97
Balance as of March 31, 2023					
Gross goodwill	155,280	67,143	9,474	81	231,978
Accumulated impairments	(41,278)	(64,790)	—	—	(106,068)
Net goodwill	$ 114,002	$ 2,353	$ 9,474	$ 81	$ 125,910

A summary of Other intangible assets, net is as follows:

	March 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 191,682	$ 134,843	$ 56,839	$ 191,508	$ 132,246	$ 59,262
Trademarks, trade names and brand names	46,645	22,179	24,466	46,601	21,755	24,846
Developed technology, patents and patent applications	32,868	23,733	9,135	32,762	23,276	9,486
Other	16,660	15,730	930	16,657	15,468	1,189
Total	$ 287,855	$ 196,485	$ 91,370	$ 287,528	$ 192,745	$ 94,783

Trademarks with indefinite lives as of March 31, 2023 and December 31, 2022 were $11,694 and $11,680, respectively. Amortization expense related to intangible assets was $3,588 and $4,264 for the three months ended March 31, 2023 and 2022.

Based on gross carrying amounts at March 31, 2023, the Company's estimate of amortization expense for identifiable intangible assets for the years ending December 31, 2023 through 2027 is presented in the table below.

	Year Ending December 31,				
	2023	2024	2025	2026	2027
Estimated amortization expense	14,034	13,481	12,200	10,206	9,422

7. INVESTMENTS

The following table summarizes the Company's long-term investments as of March 31, 2023 and December 31, 2022.

	Ownership %		Long-Term Investments Balance	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Aerojet Rocketdyne Holdings, Inc. [(a)]	4.5 %	4.5 %	202,141	$ 201,278
Steel Connect, Inc. ("STCN") convertible notes [(b)]			13,563	14,521
STCN preferred stock [(c)]			35,000	35,000
STCN common stock	29.9 %	30.0 %	20,727	26,000
PCS-Mosaic (d)	59.0 %	59.0 %	23,323	23,323
Other long-term investments			11,206	9,575
Total			$ 305,960	$ 309,697

(a) Gross unrealized gains for Aerojet Rocketdyne Holdings, Inc. ("Aerojet") totaled $192,559 and $145,881 at March 31, 2023 and 2022, respectively. Refer to Note 20, *Subsequent Events*, for discussion of the transfer and exchange by the Company of Aerojet shares with Steel Connect, Inc.

(b) Represents investment in STCN convertible notes, which the Company accounts for under the fair value option with changes in fair value recognized in the Company's consolidated statements of operations. The Company entered into a convertible note with STCN ("STCN Note") on February 28, 2019, which was to mature on March 1, 2024. On March 9, 2023, the Company and Steel Connect entered into an amendment to the STCN Note. Pursuant to the amendment, the maturity date of the STCN Note was extended six months to September 1, 2024. In addition, STCN repaid $1,000 in principal amount of the STCN Note and will be required to repay an additional $1,000 principal amount of the convertible note on the three month anniversary of the amendment. In connection with the amendment, STCN paid the Company a cash amendment fee of $150. The cost basis of the STCN Note totaled $13,940 as of March 31, 2023 and $14,943 as of December 31, 2022. The STCN Note is convertible into shares of STCN's common stock at an initial conversion rate of 421.2655 shares of common stock per $1,000 principal amount of the STCN Note (which is equivalent to an initial conversion price of approximately $2.37 per share), subject to adjustment upon the occurrence of certain events. The STCN Note, if converted as of March 31, 2023, when combined with STCN common and preferred shares, also if converted, owned by the Company, would result in the Company having a direct interest of approximately 49.6% of STCN's outstanding shares.

(c) Represents investment in shares of STCN preferred stock, which the Company accounts for under the fair value option with changes in fair value recognized in the Company's consolidated statements of operations. The investment in STCN preferred stock had a cost basis of $35,688 at March 31, 2023 and December 31, 2022. Each share of preferred stock can be converted into shares of STCN's common stock at an initial conversion price equal to $1.96 per share, subject to adjustment upon the occurrence of certain events.

(d) Represents the Company's investment in PCS-Mosaic as described in Note 3 - "Acquisition and Divestitures".

The Income (loss) of associated companies, net of taxes, for the three months ended March 31, 2023 and 2022, respectively, are as follows:

	Three Months Ended March 31,	
	2023	2022
STCN convertible notes	$ (32)	$ 367
STCN preferred stock	—	400
STCN common stock	3,999	3,876
Total	$ 3,967	$ 4,643

The amounts of unrealized gains (losses) for the three months ended March 31, 2023 and 2022 that relate to equity securities still held as of March 31, 2023 and 2022, respectively, are as follows:

	Three Months Ended March 31,	
	2023	2022
Net gains (losses) recognized during the period on equity securities	$ 607	$ (27,726)
Less: Net losses recognized during the period on equity securities sold during the period	(3)	—
Unrealized gains (losses) recognized during the period on equity securities still held at the end of the period	$ 610	$ (27,726)

Equity Method Investments

The Company's investments in associated companies include STCN and PCS-Mosaic, which are accounted for under the equity method of accounting. Beginning May 1, 2023, STCN will be consolidated by the Company. Refer to Note 20 - "Subsequent Events" for further details of the exchange transactions between the Company and STCN.

PCS-Mosaic is carried at cost, plus or minus the Company's share of net earnings or losses of the investment. Associated companies are included in the Corporate and Other segment. Certain associated companies have a fiscal year end that differs from December 31. Additional information for SPLP's significant investments in associated companies is as follows:

- STCN is a publicly-traded holding company, whose wholly-owned subsidiary, ModusLink Corporation, serves the supply chain management market.

- PCS-Mosaic is a private investment fund primarily invested in specialized software development and training services.

Other Investments

WebBank has held-to-maturity ("HTM") debt securities which are carried at amortized cost and included in Other non-current assets on the Company's consolidated balance sheets. The amount and contractual maturities of HTM debt securities are noted in the tables below. Actual maturities may differ from expected or contractual maturities because borrowers have the right to call or prepay obligations with or without penalties. The securities are collateralized by unsecured consumer loans.

	March 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	$ 144,013	$ 376	$ 144,389	$ 144,013
Contractual maturities within:				
One year to five years				137,225
Five years to ten years				5,147
After ten years				1,641
Total				$ 144,013

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Estimated Fair Value	Carrying Value
Collateralized securities	$ 176,719	$ 146	$ 176,865	$ 176,719
Contractual maturities within:				
One year to five years				169,783
Five years to ten years				5,281
After ten years				1,655
Total				$ 176,719

WebBank regularly evaluates each HTM debt security whose value has declined below amortized cost to assess whether the decline in fair value is other-than-temporary. If there is an other-than-temporary impairment in the fair value of any individual security classified as HTM, WebBank writes down the security to fair value with a corresponding credit loss portion charged to earnings, and the corresponding non-credit portion charged to accumulated other comprehensive income.

8. DEBT

The components of debt and a reconciliation to the carrying amount of long-term debt is presented in the table below:

	March 31, 2023	December 31, 2022
Short term debt:		
Foreign	$ 987	$ 685
Short-term debt	987	685
Long-term debt:		
Credit Agreement	181,300	178,650
Other debt - domestic	972	989
Subtotal	182,272	179,639
Less: portion due within one year	67	67
Long-term debt	182,205	179,572
Total debt	$ 183,259	$ 180,324

Long-term debt as of March 31, 2023 matures in each of the next five years as follows:

	Total	2023	2024	2025	2026	2027	Thereafter
Long-term debt [(a)]	$ 182,272	$ 67	$ 67	$ 67	$ 181,367	$ 704	$ —

As of March 31, 2023, the Company's senior credit agreement, as amended and restated ("Credit Agreement") covers substantially all of the Company's subsidiaries, with the exception of WebBank, and provides for a senior secured revolving credit facility in an aggregate principal amount not to exceed $600,000 (the "Revolving Credit Loans"), which includes a $50,000 subfacility for swing line loans, a $50,000 subfacility for standby letters of credit and a foreign currency sublimit (available in euros and pounds sterling) equal to the lesser of $75,000 and the total amount of the Revolving Credit Commitment. The Credit Agreement permits, under certain circumstances, to increase the aggregate principal amount of revolving credit commitments under the Credit Agreement by $300,000 plus additional amounts so long as the Leverage Ratio would not exceed 3.50:1. Borrowings bear interest, at annual rates of either Base Rate, SOFR Rate or Term RFR, at the borrowers’ option, plus an applicable margin, as set forth in the Credit Agreement. As of March 31, 2023, the Credit Agreement also provides for a commitment fee of 0.150% to be paid on unused borrowings.

The Credit Agreement contains financial covenants, including: (i) a Leverage Ratio not to exceed 4.25 to 1.00 for quarterly periods as of the end of each fiscal quarter; provided, however, that notwithstanding the foregoing, following a Material Acquisition, Borrowers shall not permit the Leverage Ratio, calculated as of the end of each of the four (4) fiscal quarters immediately following such Material Acquisition (which, for the avoidance of doubt, shall commence with the fiscal quarter in which such Material Acquisition is consummated), to exceed 4.50 to 1.00 and (ii) an Interest Coverage Ratio, calculated as of the end of each fiscal quarter, not less than 3.00 to 1.00. The Credit Agreement also contains standard representations, warranties and covenants for a transaction of this nature, including, among other things, covenants relating to: (i) financial reporting and notification; (ii) payment of obligations; (iii) compliance with law; (iv) maintenance of insurance; and (v) maintenance of properties. As of March 31, 2023 the Company was in compliance with all financial covenants under the Credit Agreement. The Company believes it will remain in compliance with the Credit Agreements covenants for the next twelve months. The Credit Agreement will expire on December 29, 2026.

The weighted average interest rate on the Credit Agreement was 6.12% at March 31, 2023. As of March 31, 2023, letters of credit totaling $10,448 had been issued under the Credit Agreement. The primary use of the Company's letters of credit are to support the performance and financial obligations for environmental matters, insurance programs and real estate leases. The Credit Agreement permits the Company to borrow for the dividends on its preferred units, pension contributions, investments, acquisitions and other general corporate expenses. Based on financial results as of March 31, 2023, the Company's total availability under the Credit Agreement, which is based upon Consolidated Adjusted EBITDA and certain covenants as described in the Credit Agreement, was approximately $408,300 as of March 31, 2023.

9. FINANCIAL INSTRUMENTS

WebBank - Economic Interests in Loans

WebBank's derivative financial instruments represent on-going economic interests in loans made after they are sold. These derivatives are carried at fair value on a gross basis in Other non-current assets on the Company's consolidated balance sheets and are classified within Level 3 in the fair value hierarchy (see Note 14 - "Fair Value Measurements"). As of March 31, 2023, outstanding derivatives mature within three to five years. Gains and losses resulting from changes in the fair value of derivative instruments are accounted for in the Company's consolidated statements of operations in Financial Services revenue. Fair value represents the estimated amounts that WebBank would receive or pay to terminate the contracts at the reporting date based on a discounted cash flow model for the same or similar instruments. WebBank does not enter into derivative contracts for speculative or trading purposes.

Precious Metal and Commodity Inventories

As of March 31, 2023, the Company had the following outstanding forward contracts with settlement dates through April 2023. There were no futures contracts outstanding as of March 31, 2023.

Commodity	Amount (in whole units)	Notional Value	
Silver	74,693 ounces	$	1,713
Gold	19 ounces	$	38
Palladium	1,177 ounces	$	1,678
Platinum	16 ounces	$	16
Copper	216,000 pounds	$	740
Tin	20 metric tons	$	408

Fair Value Hedges. Certain forward contracts are accounted for as fair value hedges under ASC 815 for the Company's precious metal inventory carried at fair value. These contracts hedge 74,481 ounces (in whole units) of silver and a majority of the Company's pounds of copper. The fair values of these derivatives are recognized as derivative assets and liabilities on the Company's consolidated balance sheets. The net changes in fair value of the derivative assets and liabilities, and the changes in the fair value of the underlying hedged inventory, are recognized in the Company's consolidated statements of operations, and such amounts principally offset each other due to the effectiveness of the hedges.

Economic Hedges. The remaining outstanding forward contracts for silver, and all the contracts for gold, palladium and tin, are accounted for as economic hedges. As these derivatives are not designated as accounting hedges under ASC 815, they are accounted for as derivatives with no hedge designation. The derivatives are marked to market with gains and losses recorded in earnings in the Company's consolidated statements of operations. The economic hedges are associated primarily with the Company's precious metal inventory valued using the LIFO method.

The forward contracts were made with a counterparty rated Aa2 by Moody's. Accordingly, management evaluated counterparty risk and believes that there is minimal credit risk of default. The Company estimates the fair value of its derivative contracts based on the counterparty's statement. The Company maintains collateral on account with the third-party broker which varies in amount depending on the value of open contracts and the current market price.

The fair value and carrying amount of derivative instruments on the Company's consolidated balance sheets are as follows:

	Fair Value of Derivative Assets (Liabilities)			
	March 31, 2023		December 31, 2022	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as ASC 815 hedges				
Commodity contracts	Accrued liabilities	$ (218)	Accrued liabilities	$ (70)
Derivatives not designated as ASC 815 hedges				
Commodity contracts	Accrued liabilities	$ (161)	Accrued liabilities	$ (177)
Economic interests in loans	Other non-current assets	$ 4,980	Other non-current assets	$ 5,728

The effects of fair value hedge accounting on the consolidated statements of operations for the three months ended March 31, 2023 and 2022 are not material. The effects of derivatives not designated as ASC 815 hedging instruments on the consolidated statements of operations for the three months ended March 31, 2023 and 2022 are as follows:

		Amount of Gain (Loss) Recognized in Income	
		Three Months Ended March 31,	
Derivatives Not Designated as Hedging Instruments:	**Location of Gain (Loss) Recognized in Income**	**2023**	**2022**
Commodity contracts	Other (expense) income, net	544	$ (994)
Economic interests in loans	Financial Services revenue	1,260	1,030
Total		$ 1,804	$ 36

Financial Instruments with Off-Balance Sheet Risk

WebBank is a party to financial instruments with off-balance sheet risk. In the normal course of business, these financial instruments include commitments to extend credit in the form of loans as part of WebBank's lending arrangements. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized on the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement WebBank has in particular classes of financial instruments.

As of March 31, 2023 and December 31, 2022, WebBank's undisbursed loan commitments totaled $628,127 and $606,537, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria through one of WebBank's lending agreements, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement.

Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without the credit being extended, the total commitment amounts do not necessarily represent future cash requirements. WebBank evaluates each prospective borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by WebBank upon extension of credit, is based on management's credit evaluation of the borrower and WebBank's counterparty.

WebBank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. WebBank uses the same credit policy in making commitments and conditional obligations as it does for on balance sheet instruments.

10. PENSION AND OTHER POST-RETIREMENT BENEFITS

The Company maintains several qualified and non-qualified pension plans and other post-retirement benefit plans. The following table presents the components of pension (income) expense for the Company's significant pension plans. The Company's other pension and post-retirement benefit plans are not significant individually or in the aggregate.

	Three Months Ended March 31,	
	2023	2022
Interest cost	$ 4,538	$ 2,382
Expected return on plan assets	(4,467)	(6,336)
Amortization of actuarial loss	2,882	2,128
Total net pension expense (income)	$ 2,953	$ (1,826)

Net pension expense (income) is included in Selling, general and administrative expenses in the consolidated statements of operations. During the three months ended March 31, 2023, the Company did not contribute to its pension plans. Required future pension contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, including the impact of declines in pension plan assets and interest rates, as well as other changes such as any plan termination or other acceleration events. The Company currently estimates it will contribute $5,814 to its pension plans during the remainder of 2023. On April 13, 2023, the Company contributed $2,000 to its pension plans.

11. CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE LOSS

As of March 31, 2023, the Company had 21,667,031 Class A units (regular common units) outstanding.

Common Unit Repurchase Program

The Board of Directors of SPH GP, the general partner of SPLP (the "Board of SPH GP") has approved the repurchase of up to an aggregate of 7,770,240 of the Company's common units (the "Repurchase Program"). The Repurchase Program, which was announced on December 7, 2016, supersedes and cancels, to the extent any amounts remain available, all previously approved repurchase programs. Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. In connection with the Repurchase Program, the Company may enter into a stock purchase plan. The Repurchase Program has no termination date. During the three months ended March 31, 2023, the Company repurchased 75,504 common units for an aggregate purchase price of $3,248. From the inception of the Repurchase Program the Company has purchased 7,421,496 common units for an aggregate price of approximately $147,606. As of March 31, 2023, there remained 348,744 common units that may yet be purchased under the Repurchase Program. In April 2023, the Company repurchased 720 common units for $30. On May 4, 2023, the Board of SPH GP approved an increase of 1,000,000 common units to the Repurchase Program.

Incentive Award Plan

The Company's 2018 Incentive Award Plan (the "2018 Plan") provides equity-based compensation through the grant of options to purchase the Company's limited partnership units, unit appreciation rights, restricted units, phantom units, substitute awards, performance awards, other unit-based awards, and includes, as appropriate, any tandem distribution equivalent rights granted with respect to an award (collectively, "LP Units"). On May 18, 2020, the Company's unitholders approved the Amended and Restated 2018 Incentive Award Plan, which increased the number of LP Units issuable under the 2018 Plan by 500,000 to a total of 1,000,000 LP Units. On June 9, 2021, the Company's unitholders approved the Second Amended and Restated 2018 Incentive Award Plan ("Second A&R 2018 Plan"), which increased the number of LP Units issuable under the 2018 Plan by 1,000,000 to a total of 2,000,000 LP Units. The Company granted 800 restricted units under the Second A&R 2018 Plan during the three months ended March 31, 2023. Such LP Units were valued based upon the market value of the Company's LP Units on the date of grant, and collectively represent approximately $34 of unearned compensation that will be recognized as expense ratably over the vesting period of the units. The grant has a cliff vesting period over two years from the date of grant.

Preferred Units

The Company's 6.0% Series A preferred units, no par value (the "SPLP Preferred Units") entitle the holders to a cumulative quarterly cash or in-kind (or a combination thereof) distribution. The Company declared cash distributions of approximately $2,408 to preferred unitholders for both the three months ended March 31, 2023 and 2022, respectively. The SPLP Preferred Units have a term of nine years, ending February 2026, and are redeemable at any time at the Company's option at a $25 liquidation value per unit, plus any accrued and unpaid distributions (payable in cash or SPLP common units, or a combination of both, at the Company's discretion). If redeemed in common units, the number of common units to be issued will be equal to the liquidation value per unit divided by the volume weighted-average price of the common units for 60 days prior to the redemption.

The SPLP Preferred Units have no voting rights, except that holders of the preferred units have certain voting rights in limited circumstances relating to the election of directors following the failure to pay six quarterly distributions. The SPLP Preferred Units are recorded as non-current liabilities, including accrued interest expense, on the Company's consolidated balance sheet as of March 31, 2023 and December 31, 2022 because they have an unconditional obligation to be redeemed for cash or by issuing a variable number of SPLP common units for a monetary value that is fixed and known at inception. Because the SPLP Preferred Units are classified as liabilities, distributions thereon are recorded as a component of Interest expense in the Company's consolidated statements of operations. As of March 31, 2023 and December 31, 2022, there were 6,422,128 SPLP Preferred Units outstanding.

On May 4, 2023, the Board of SPH GP declared a regular quarterly cash distribution of $0.375 per unit, payable June 15, 2023, to unitholders of record as of June 1, 2023, on its SPLP Preferred Units.

Accumulated Other Comprehensive Loss

Changes, net of tax, where applicable, in AOCI are as follows:

	Unrealized loss on available-for-sale debt securities	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2022	$ (92)	$ (17,113)	$ (134,669)	$ (151,874)
Net other comprehensive income attributable to common unitholders	—	1,093	—	1,093
Balance at March 31, 2023	$ (92)	$ (16,020)	$ (134,669)	$ (150,781)

	Unrealized loss on available-for-sale securities	Cumulative translation adjustments	Change in net pension and other benefit obligations	Total
Balance at December 31, 2021	$ (92)	$ (13,961)	$ (117,750)	$ (131,803)
Net other comprehensive loss attributable to common unitholders	—	(459)	—	(459)
Balance at March 31, 2022	$ (92)	$ (14,420)	$ (117,750)	$ (132,262)

Incentive Unit Awards

In 2012, SPLP issued to the Manager partnership profits interests in the form of Incentive Units which entitle the holder generally to share in 15% of the increase in the equity value of the Company, based on the volume weighted average price of the Company’s common units for the 20 trading days prior to the year-end measurement date. In 2015, the Manager assigned its rights to Incentive Units to a related party, SPH SPV-I LLC ("SPH SPV-I") pursuant to an Incentive Unit Agreement. Vesting in Incentive Units is measured annually on the last day of the Company’s fiscal year and is based upon exceeding a baseline equity value per common unit which is currently $41.82 and was determined when the most recent award vested on December 31, 2022. The number of outstanding Incentive Units is equal to 100% of the common units outstanding, including common units held by non-wholly-owned subsidiaries. The measurement date equity value per common unit is determined by calculating the volume weighted average price of the Company’s common units for 20 trading days prior to a measurement date. If an Incentive Unit award vests as of an annual measurement date they will be issued as Class C units.

Upon vesting in Incentive Units, the baseline equity value will be recalculated as the new baseline equity value to be assessed at the next annual measurement date. If the baseline equity value is not exceeded as of an annual measurement date, then no portion of annual Incentive Units will be classified as Class C common units for that year and the baseline equity value per common unit will be the same amount as determined upon the prior vesting. The Class C units have the same rights as the LP Units, including, without limitation, with respect to partnership distributions and allocations of income, gain, loss and deduction, in all respects, except that liquidating distributions made by the Company to such holder may not exceed the amount of its capital account allocable to such Class C units and such Class C units may not be sold in the public market, until they have converted into LP Units. At such time that the amount of the capital account allocable to a Class C unit is equal to the amount of the capital account allocable to an LP Unit, such Class C unit shall convert automatically into an LP Unit. As of the annual measurement date on December 31, 2022, 200,253 Incentive Units vested as the Company’s volume weighted average price exceeded the then baseline equity value of $39.26, and upon vesting, were classified as Class C units. On March 21, 2023, the

Company issued the 200,253 Class C common units to SPH SPV-I, which SPH SPV-I earned based on the Company's performance in 2022.

If March 31, 2023, were the annual measurement date, then approximately 88,365 Incentive Units would vest and be issued as Class C common units based upon the volume weighted-average price of the Company's common units for 20 trading days prior to March 31, 2023. However, pursuant to the terms to the Incentive Unit Agreement, vesting of the Incentive Units only occurs based on the value of the Company's common units at the annual measurement date on December 31, 2023, and therefore, more, fewer or no Incentive Units may vest for 2023.

12. INCOME TAXES

The Company recorded income tax provisions of $14,604 and $7,609 for the three months ended March 31, 2023 and 2022, respectively. The Company's tax provision represents the income tax expense or benefit of its consolidated subsidiaries that are taxable entities. Significant differences between the statutory rate and the effective tax rate include partnership losses for which no tax benefit is recognized, tax expense related to unrealized gains and losses on investment, changes in deferred tax valuation allowances and other permanent differences. The Company's consolidated subsidiaries have recorded deferred tax valuation allowances to the extent that they believe it is more likely than not that the benefits of certain deferred tax assets will not be realized in future periods.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law which includes implementation of a new 15% corporate alternative minimum tax, a one percent excise tax on share repurchases, and tax incentives for energy and climate initiatives. These provisions are effective beginning January 1, 2023. The Company currently anticipates no material impact to our financial results, financial position and cash flows.

13. NET INCOME PER COMMON UNIT

The following data was used in computing net income per common unit shown in the Company's consolidated statements of operations:

	Three Months Ended March 31,	
	2023	**2022**
Net income	$ 24,803	$ 4,541
Net loss attributable to noncontrolling interests in consolidated entities	43	24
Net income attributable to common unitholders	24,846	4,565
Effect of dilutive securities:		
Interest expense from SPLP Preferred Units [(a)]	3,069	—
Net income attributable to common unitholders – assuming dilution	$ 27,915	$ 4,565
Net income per common unit – basic		
Net income attributable to common unitholders	$ 1.15	$ 0.21
Net income per common unit – diluted		
Net income attributable to common unitholders	$ 1.09	$ 0.20
Denominator for net income per common unit – basic	21,685,794	22,209,071
Effect of dilutive securities:		
Incentive Units	88,365	254,013
Unvested restricted common units	15,756	179,932
SPLP Preferred Units	3,751,331	—
Denominator for net income per common unit – diluted [(b)]	25,541,246	22,643,016

(a) Assumes the SPLP Preferred Units were redeemed in common units as described in Note 11 - "Capital and Accumulated Other Comprehensive Loss."

(b) For the three months ended March 31, 2022**,** the diluted per unit calculation does not include the potential impact of 4,154,974 SPLP Preferred Units, since the impact would have been anti-dilutive.

14. FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis in the Company's consolidated financial statements as of March 31, 2023 and December 31, 2022 are summarized by type of inputs applicable to the fair value measurements as follows:

March 31, 2023	Level 1		Level 2		Level 3		Total	
Assets:								
Long-term investments [a]		231,260		—		51,377		282,637
Precious metal and commodity inventories recorded at fair value		36,696		—		—		36,696
Economic interests in loans [b]		—		—		4,980		4,980
Warrants [c]		—		—		3,564		3,564
Total	$	267,956	$	—	$	59,921	$	327,877
Liabilities:								
Commodity contracts on precious metal and commodity inventories	$	—	$	379	$	—	$	379
Other precious metal liabilities	$	31,041	$	—	$	—	$	31,041
Total	$	31,041	$	379	$	—	$	31,420

December 31, 2022	Level 1		Level 2		Level 3		Total	
Assets:								
Long-term investments [a]	$	234,039	$	—	$	52,336	$	286,375
Precious metal and commodity inventories recorded at fair value		32,896		—		—		32,896
Economic interests in loans [b]		—		—		5,728		5,728
Warrants [c]		—		—		3,564		3,564
Total	$	266,935	$	—	$	61,628	$	328,563
Liabilities:								
Commodity contracts on precious metal and commodity inventories	$	—	$	247	$	—	$	247
Other precious metal liabilities		30,115		—		—		30,115
Total	$	30,115	$	247	$	—	$	30,362

(a) For additional detail of the long-term investments see Note 7 – "Investments." The investment in PCS-Mosaic of $23,323 is not included in the fair value leveling tables as it is valued at cost.

(b) For additional detail of the economic interests in loans see Note 9 – "Financial Instruments".

(c) Included within Other non-current assets in the consolidated balance sheets.

There were no transfers of securities among the various measurement input levels during the three months ended March 31, 2023 or 2022.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date ("Level 1").

Level 2 inputs may include quoted prices in active markets for similar assets or liabilities, quoted prices in a market that is not active for identical assets or liabilities, or other inputs that can be corroborated by observable market data ("Level 2").

Level 3 inputs are unobservable for the asset or liability when there is little, if any, market activity for the asset or liability. Level 3 inputs are based on the best information available and may include data developed by the Company ("Level 3").

The fair value of the Company's financial instruments, such as cash and cash equivalents, trade and other receivables and accounts payable, approximates carrying value due to the short-term maturities of these assets and liabilities. Carrying cost approximates fair value for long-term debt, which has variable interest rates.

The precious metal and commodity inventories associated with the Company's fair value hedges (see Note 9 - "Financial Instruments") are reported at fair value. Fair values of these inventories are based on quoted market prices on commodity exchanges and are considered Level 1 measurements. The derivative instruments that the Company purchases in connection with its precious metal and commodity inventories, specifically commodity futures and forward contracts, are also valued at fair value. The futures contracts are Level 1 measurements since they are traded on a commodity exchange. The forward contracts are entered into with a counterparty and are considered Level 2 measurements.

Following is a summary of changes in financial assets measured using Level 3 inputs:

	Long Term Investments [(a)]		Economic Interests in Loans [(b)]		Warrants [(b)]		Total	
Balance as of December 31, 2022	$	52,336	$	5,728	$	3,564	$	61,628
Sales and cash collections		(1,000)		(2,008)		—		(3,008)
Realized gains		—		1,260		—		1,260
Unrealized gains		43		—		—		43
Unrealized losses		(2)		—		—		(2)
Balance as of March 31, 2023	$	51,377	$	4,980	$	3,564	$	59,921
Balance as of December 31, 2021	$	50,085	$	6,483	$	6,929	$	63,497
Sales and cash collections		—		(1,731)		—		(1,731)
Realized gains		—		1,030		704		1,734
Unrealized losses		(764)		—		—		(764)
Balance as of March 31, 2022	$	49,321	$	5,782	$	7,633	$	62,736

(a) Unrealized gains and losses are recorded in (Income) loss of associated companies, net of taxes in the consolidated statements of operations.
(b) Realized and unrealized gains and losses are recorded in Realized and unrealized (gains) losses on securities, net or Financial services revenue in the consolidated statements of operations.

Long-Term Investments - Valuation Techniques

The Company estimates the value of its investment in the STCN Note using a Binomial Lattice Model. Key inputs in the valuation include the trading price and volatility of STCN's common stock, the risk-free rate of return, as well as the dividend rate, conversion price, and maturity date. The fair value of the Company's investment in STCN preferred stock as of March 31, 2023 and December 31, 2022 was its par value because the Company has the right to redeem and the issuer has the right to convert the instrument at the redemption value.

Marketable Securities and Other - Valuation Techniques

The Company determines the fair value of certain corporate securities and corporate obligations by incorporating and reviewing prices provided by third-party pricing services based on the specific features of the underlying securities.

The Company uses the net asset value included in quarterly statements it receives in arrears from a venture capital fund to determine the fair value of such fund and determines the fair value of certain corporate securities and corporate obligations by incorporating and reviewing prices provided by third-party pricing services based on the specific features of the underlying securities. The fair value of the derivatives held by WebBank (see Note 9 - "Financial Instruments") represent the estimated amounts that WebBank would receive or pay to terminate the contracts at the reporting date and is based on discounted cash flow analyses that consider credit, performance and prepayment. Unobservable inputs used in the discounted cash flow analyses are: a constant prepayment rate of 8.94% to 35.70%, a constant default rate of 1.72% to 21.91% and a discount rate of 1.82% to 25.43%.

Assets Measured at Fair Value on a Nonrecurring Basis

The Company's non-financial assets and liabilities measured at fair value on a non-recurring basis, include goodwill and other intangible assets, any assets and liabilities acquired in a business combination, or its long-lived assets written down to fair value. To measure fair value for such assets and liabilities, the Company uses techniques including an income approach, a market approach and/or appraisals (Level 3 inputs). The income approach is based on a discounted cash flow analysis ("DCF") and calculates the fair value by estimating the after-tax cash flows attributable to an asset or liability and then discounting the after-tax cash flows to a present value using a risk-adjusted discount rate. Assumptions used in the DCF require the exercise of significant judgment, including judgment about appropriate discount rates and terminal values, growth rates and the amount and timing of expected future cash flows. The discount rates, which are intended to reflect the risks inherent in future cash flow projections, used in the DCF are based on estimates of the weighted-average cost of capital of a market participant. Such estimates are derived from analysis of peer companies and consider the industry weighted-average return on debt and equity from a market participant perspective. A market approach values a business by considering the prices at which shares of capital stock, or related underlying assets, of reasonably comparable companies are trading in the public market or the transaction price at which similar companies have been acquired. If comparable companies are not available, the market approach is not used.

15. COMMITMENTS AND CONTINGENCIES

Environmental and Litigation Matters

The Company and certain of the Company's subsidiaries are defendants in certain legal proceedings and environmental investigations and have been designated as potentially responsible parties ("PRPs") by federal and state agencies with respect to certain sites with which they may have had direct or indirect involvement. Most of such legal proceedings and environmental investigations involve unspecified amounts of potential damage claims or awards, are in an initial procedural phase, involve significant uncertainty as to the outcome or involve significant factual issues that need to be resolved, such that it is not possible for the Company to estimate a range of possible loss. For matters that have progressed sufficiently through the investigative process such that the Company is able to reasonably estimate a range of possible loss, an estimated range of possible loss, in excess of the accrued liability (if any) for such matters, is provided. Any estimated range of possible loss is or will be based on currently available information and involves elements of judgment and significant uncertainties and may not represent the Company's maximum possible loss exposure. The circumstances of such legal proceedings and environmental investigations will change from time to time, and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such legal proceedings and environmental investigations would have a material effect on the financial position, liquidity or results of operations of the Company.

The legal proceedings and environmental investigations are in various stages of administrative or judicial proceedings and include demands for recovery of past governmental costs, and for future investigations and remedial actions. In some cases, the dollar amounts of the claims have not been specified and, with respect to a number of the PRP claims, have been asserted against a number of other entities for the same cost recovery or other relief as was asserted against certain of the Company's subsidiaries. The Company accrues liabilities associated with environmental and litigation matters on an undiscounted basis, when they become probable and reasonably estimable. As of March 31, 2023, on a consolidated basis, the Company recorded liabilities of $12,380 and $24,829 in Accrued liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet. As of December 31, 2022, on a consolidated basis, the Company recorded liabilities of $12,692 and $24,765 in Accrued Liabilities and Other non-current liabilities, respectively, on the consolidated balance sheet, which represent the current estimate of environmental remediation liabilities as well as reserves related to the litigation matters discussed below. Expenses relating to these costs, and any recoveries, are included in Selling, general and administrative expenses in the Company's consolidated statements of operations. In addition, the Company believes that it has or may have insurance coverage available for several of these matters. Estimates of the Company's liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions that are inherently difficult to make, and the ultimate outcome may be materially different from current estimates.

Environmental Matters

Certain subsidiaries of the Company have existing and contingent liabilities relating to environmental matters, including costs of remediation, capital expenditures, and potential fines and penalties relating to possible violations of federal and state environmental laws. Such existing and contingent liabilities are continually being readjusted based upon the emergence of new findings, techniques and alternative remediation methods.

Included among these liabilities, certain of the Company's subsidiaries have been identified as PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") or similar state statutes at sites and are parties to administrative consent orders in connection with certain properties. Those subsidiaries may be subject to joint and several liabilities imposed by CERCLA on PRPs. Due to the technical and regulatory complexity of remedial activities and the difficulties attendant in identifying PRPs and allocating or determining liability among them, the subsidiaries are unable to reasonably estimate the ultimate cost of compliance with such laws at some of the sites at which the Company's subsidiaries are PRP's.

Based upon information currently available, the Company's subsidiaries do not expect that their respective environmental costs, including the incurrence of additional fines and penalties, if any, will have a material adverse effect on them or that the resolution of these environmental matters will have a material adverse effect on the financial position, results of operations or cash flows of such subsidiaries or the Company, but there can be no such assurances. The Company anticipates that the subsidiaries will pay any such amounts out of their respective working capital, although there is no assurance that they will have sufficient funds to pay them. In the event that a subsidiary is unable to fund its liabilities, claims could be made against its respective parent companies for payment of such liabilities.

The sites where certain of the Company's subsidiaries have environmental liabilities include the following:

The Company has been working with the Connecticut Department of Energy and Environmental Protection ("CTDEEP") with respect to its obligations under a 1989 consent order that applies to a former manufacturing facility located in Fairfield, Connecticut. An ecological risk assessment of the wetlands portion was submitted in the second quarter of 2016 to the CTDEEP for their review and approval. Company officials continue to meet with CTDEEP representatives to address a final workplan. Additional investigation of the wetlands is expected, pending approval of a mutually acceptable wetlands work plan. An updated work plan to investigate the upland portion of the parcel was prepared by the Company and approved by the CTDEEP in March 2018 and completed during 2019 and 2020. Additional upland investigatory work will be required to fully define the areas requiring remediation and is also dependent upon CTDEEP requirements and approval. Based on currently known information, the Company reasonably estimates that it may incur aggregate losses over a period of multiple years of between $10,500 and $17,500. The Company has a reserve of $14,500 recorded for future remediation costs, which is our best estimate within this range of potential losses. Due to the uncertainties, there can be no assurance that the final resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

In 1986, a subsidiary of the Company entered into an administrative consent order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP") to investigate and remediate property in Montvale, New Jersey that it purchased in 1984. The ACO involves investigation and remediation activities to be performed with regard to soil and groundwater contamination. The Company has been actively investigating and remediating the soil and groundwater since that time and has completed the implementation of the improved groundwater treatment system in operation at the property. Pursuant to a settlement agreement with the former owner/operator of the site, the responsibility for site investigation and remediation costs and other related costs are contractually allocated 75% to the former owner/operator and 25% jointly to the Company, all after having the first $1,000 paid by the former owner/operator. Additionally, the Company had been reimbursed indirectly through insurance coverage for a portion of the costs for which it is responsible. There is no assurance that the former owner/operator or guarantors will continue to timely reimburse the Company for expenditures and/or will be financially capable of fulfilling their obligations under the settlement agreement and the guaranties. There is no assurance that there will be any additional insurance reimbursement. A reserve of approximately $900 has been established for the Company's expected 25% share of anticipated costs at this site, which is based upon the recent selection of a final remedy, on-going operations and maintenance, additional investigations and monitored natural attenuation testing over the next 30 years. Also, a reserve and related receivable of approximately $2,700 has been established for the former owner/operator's expected share of anticipated costs at this site. On December 18, 2019, the State of New Jersey ("State") filed a complaint against the Company and other non-affiliated corporations related to former operations at this location. The State is seeking unspecified damages, including reimbursement for all cleanup and removal costs and other damages that the State claims it has incurred, including the lost value of, and reasonable assessment costs for, any natural resource injured as a result of the alleged discharge of hazardous substances and pollutants, as well as attorneys' fees and costs. On March 16, 2020, the Company filed a partial motion to dismiss, resulting in dismissal with prejudice of the State's trespass claim and limiting the damages recoverable through the State's public nuisance claim to monetary relief associated with abatement. On June 11, 2020, the State filed an Amended Complaint, bringing the same claims as the original complaint. On July 1, 2020, the Company answered and asserted crossclaims for indemnification and contribution against another defendant, Cycle Chem, Inc. Cycle Chem also asserted crossclaims against the Company, which have been answered. The parties have largely completed written and document discovery. As a result of the confidential mediation, the parties negotiated a settlement amount of $10,500, of which the Company would be required to pay $2,625, its 25% share, and of which other non-affiliated corporations would pay the remaining $7,875, their 75% share. Additionally, the State has also verbally agreed to a settlement amount of $3,500 with Cycle Chem for which they will be 100% responsible. On October 14, 2022, the Company and all other related parties advised the Court of the global settlement. The State is required to go through a formal approval process on the settlement amounts which includes a public notice and comment period that will take several weeks to complete. In the meantime, the legal proceedings have been delayed while the settlement process is finalized. Once State approval is finalized, the Court will have a final hearing to approve and issue a consent judgement.

The Company's subsidiary, SL Industries, Inc. ("SLI"), may incur environmental costs in the future as a result of the past activities of its former subsidiary, SL Surface Technologies, Inc. ("SurfTech"), in Pennsauken, New Jersey ("Pennsauken Site") and in Camden, New Jersey and at its former subsidiary, SGL Printed Circuits in Wayne, New Jersey. At the Pennsauken Site, SLI entered into a consent decree with both the U.S. Department of Justice and the U.S. Environmental Protection Agency ("EPA") in 2013 and has since completed the remediation required by the consent decree and has paid the EPA a fixed sum for its past oversight costs. Separate from the consent decree, in December 2012, the NJDEP made a settlement demand of $1,800 for past and future cleanup and removal costs and natural resource damages ("NRD"). To avoid the time and expense of litigating the matter, SLI offered to pay approximately $300 to fully resolve the claim presented by the State. SLI's settlement offer was rejected. On December 6, 2018, the State filed a complaint against SLI related to the Pennsauken Site. The State is seeking treble damages and attorneys' fees, NRD for loss of use of groundwater, as well as a request that SLI pay all cleanup and removal costs that the State has incurred and will incur at the Pennsauken Site. The State's most recent demand (as of 2019) for all costs, including NRD, was for $11,500. On August 21, 2019, SLI responded with a $1,070 settlement offer, which was not accepted. The parties have substantially completed the fact and expert discovery, including the exchange of competing expert reports. The parties recently agreed to engage in mediation, which is expected to start during the three months ended June 30, 2023. The Company has a reserve of $1,070, which is its best estimate of potential losses based on our prior settlement offer. SLI intends to assert all legal and procedural defenses available to it. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

SLI reported soil contamination and groundwater contamination in 2003 from the SurfTech site located in Camden, New Jersey. Substantial investigation and remediation work has been completed under the direction of the licensed site remediation professional for the site. Additional investigations related to PFAS compounds have been initiated and have delayed remediation actions. Remediation actions, including soil excavation and groundwater bioremediation, are expected to start in the second half of 2023. Post-remediation groundwater monitoring will be conducted following completion of soil excavation. A reserve of $2,900 has been established for anticipated costs at this site, but there can be no assurance that there will not be potential additional costs associated with the site, which cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of the Company.

SLI is currently participating in environmental assessment and cleanup at a commercial facility located in Wayne, New Jersey. Contaminated soil and groundwater have undergone remediation with the NJDEP and LSRP oversight, but contaminants of concern in groundwater and surface water, which extend off-site, remain above applicable NJDEP remediation standards. A reserve of approximately $1,300 has been established for anticipated costs, but there can be no assurance that there will not be potential additional costs associated with the site which cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of SLI, HNH or the Company.

Litigation Matters

Reith v. Lichtenstein, et al. On April 13, 2018, a purported shareholder of STCN, Donald Reith, filed a verified complaint, Reith v. Lichtenstein, et al., 2018-0277 (Del. Ch.) (the "Reith litigation") in the Chancery Court. The plaintiff sought to assert class action and derivative claims against the Company and several of its affiliated companies, together with certain of members STCN's board of directors, as well as other named defendants (collectively, the "defendants") in connection with the acquisition of $35,000 of STCN's Series C Preferred Stock by an affiliate of the Company and equity grants made to three individual defendants. The complaint includes claims for breach of fiduciary duty against all the individual defendants as STCN directors; claims for aiding and abetting breach of fiduciary duty against the Company; a claim for breach of fiduciary duty as controlling stockholder against the Company; and a derivative claim for unjust enrichment against the Company and the three individuals who received equity grants. The complaint demands damages in an unspecified amount for STCN and its stockholders, together with rescission, disgorgement and other equitable relief. The defendants moved to dismiss the complaint for failure to plead demand futility and failure to state a claim. On June 28, 2019, the Chancery Court denied most of defendants' the motion to dismiss, allowing the matter to proceed. The defendants and plaintiff (the "parties") subsequently participated in document discovery. On August 13, 2021, the parties, entered into a memorandum of understanding (the "MOU") in connection with the settlement of the Reith litigation. Pursuant to the MOU, the defendants agreed (subject to court approval) to cause their directors' and officers' liability insurance carriers to pay to STCN $2,750 in cash. The Company's insurance carrier agreed to pay $1,100 of the settlement and STCN's insurance carrier agreed to pay the remaining $1,650. Following the parties' entry into a Stipulation and Agreement of Compromise, Settlement, and Release (the "Proposed Settlement Agreement") on February 18, 2022, on March 17, 2022, the Chancery Court granted, with modifications, a scheduling order (the "Scheduling Order") in connection with the Proposed Settlement Agreement. Pursuant to the Scheduling Order, during April 2022 the insurers completed the wiring of the settlement payments into an account jointly controlled by counsel for plaintiff and STCN, where the funds are to remain until final court approval of the settlement. In addition, pursuant to the terms of the MOU, certain of the individual defendants who are also current and former employees of the Company—Warren Lichtenstein (Executive Chairman), Jack Howard (President), and William Fejes (former Chief Operating Officer)—entered into separate letter agreements (the "Surrender Agreements") with STCN whereby they each agreed to surrender to STCN an aggregate 3,300,000 shares which they had initially received in December 2017 in consideration for services to STCN. Pursuant to the MOU and the Surrender Agreements, on August 17, 2021, Mr. Lichtenstein surrendered 2,133,333 Steel Connect shares (1,833,333 vested shares and 300,000 unvested shares), and Mr. Howard surrendered 1,066,667 Steel Connect shares (916,667 vested shares and 150,000 unvested shares). Also pursuant to the MOU and the Surrender Agreements, Mr. Fejes surrendered 100,000 vested shares December 2021. After the parties filed papers in support of court approval of the settlement, and an objector filed papers in opposition to approval of the settlement, and after hearings held on August 12 and August 18, 2022, and after the parties and insurers agreed to modify the proposed settlement to increase by $250 the cash to be paid by the insurers, the court ruled on September 23, 2022 that it was denying approval of the settlement. The funds previously paid into escrow were returned to the insurance carriers. In connection with rejection of the settlement, it was no longer probable the Company had a liability for the proposed settlement liability nor receivable for the related insurance coverage and therefore both amounts were no longer accrued. No new dates have yet been established for the trial, pretrial events or the completion of discovery proceedings. The possible liability, if any, with respect to this dispute cannot be determined as of this date.

A subsidiary of BNS Holdings Liquidating Trust ("BNS Sub") has been named as a defendant in multiple alleged asbestos-related toxic-tort claims filed over a period beginning in 1994 through March 31, 2023. In many cases these claims involved more than 100 defendants. There remained approximately 50 pending asbestos claims as of March 31, 2023. BNS Sub believes it has significant defenses to any liability for toxic-tort claims on the merits. None of these toxic-tort claims has gone to trial and, therefore, there can be no assurance that these defenses will prevail. BNS Sub has insurance policies covering asbestos-related claims for years beginning 1974 through 1988. BNS Sub annually receives retroactive billings or credits from its insurance carriers for any increase or decrease in claims accruals as claims are filed, settled or dismissed, or as estimates of the ultimate settlement costs for the then-existing claims are revised. As of both March 31, 2023 and December 31, 2022, BNS Sub has accrued $1,418 relating to the open and active claims against BNS Sub. This accrual includes the amount of unpaid retroactive billings submitted to the Company by the insurance carriers and also the Company's best estimate of the likely costs for BNS Sub to settle these claims outside the amounts funded by insurance. There can be no assurance that the number of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to-date of existing claims and that BNS Sub will not need to significantly increase its estimated liability for the costs to settle these claims to an amount that could have a material effect on the consolidated financial statements.

In the ordinary course of our business, the Company is subject to other periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes, employment, environmental, health and safety matters, as well as claims associated with our historical acquisitions and divestitures. There is insurance coverage available for many of the foregoing actions. Although the Company cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against the Company, it does not believe any currently pending legal proceeding to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows, results of operations or liquidity.

16. RELATED PARTY TRANSACTIONS

The receivables from related parties and payables to related parties are included in Prepaid expenses and other current assets and Other current liabilities, respectively, on the Company's consolidated balance sheets. The components of receivables from related parties and payables to related parties for the years ended March 31, 2023 and December 31, 2022 are presented below:

	March 31, 2023	December 31, 2022
Receivable from related parties:		
Receivable from associated companies - STCN	$ 788	$ 967
Receivable from other related parties	(36)	(5)
Total	$ 752	$ 962
Payables to related parties:		
Accrued management fees	$ 501	$ 299
Payables to other related parties	406	2,582
Total	$ 907	$ 2,881

Management Agreement with SP General Services LLC

SPLP is managed by the Manager, pursuant to the terms of the Management Agreement, which receives a fee at an annual rate of 1.5% of total Partners' capital ("Management Fee"), payable on the first day of each quarter and subject to a quarterly adjustment. In addition, SPLP may issue to the Manager partnership profits interests in the form of incentive units, which will be classified as Class C common units of SPLP, upon exceeding a baseline equity value per common unit, which is determined as of the last day of each fiscal year (see Note 11 - "Capital and Accumulated Other Comprehensive Loss" for additional information on the incentive units).

The Management Agreement is automatically renewed each December 31 for successive one-year terms unless otherwise determined at least 60 days prior to each renewal date by a majority of the Company's independent directors. The

Management Fee was $3,001 and $2,488 for the three months ended March 31, 2023 and 2022, respectively. The Management Fee is included in Selling, general and administrative expenses in the Company's consolidated statements of operations. Unpaid amounts for management fees included in Other current liabilities on the Company's consolidated balance sheet were $501 and $299 as of March 31, 2023 and December 31, 2022, respectively.

SPLP will bear (or reimburse the Manager with respect to) all its reasonable costs and expenses of the managed entities, the Manager, SPH GP or their affiliates, including but not limited to: legal, tax, accounting, auditing, consulting, administrative, compliance, investor relations costs related to being a public entity rendered for SPLP or SPH GP, as well as expenses incurred by the Manager and SPH GP which are reasonably necessary for the performance by the Manager of its duties and functions under the Management Agreement and certain other expenses incurred by managers, officers, employees and agents of the Manager or its affiliates on behalf of SPLP. Reimbursable expenses incurred by the Manager in connection with its provision of services under the Management Agreement were approximately $606 and $774 for the three months ended March 31, 2023 and 2022. Unpaid amounts for reimbursable expenses were approximately $250 and $2,427 as of March 31, 2023 and December 31, 2022, respectively, and are included in Other current liabilities on the Company's consolidated balance sheets.

Corporate Services

The Company's subsidiary, Steel Services Ltd ("Steel Services"), through management services agreements with its subsidiaries and portfolio companies, provides services, which include assignment of C-Level management personnel, legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources, marketing, investor relations, operating group management and other similar services. In addition to its servicing agreements with SPLP and its consolidated subsidiaries, which are eliminated in consolidation, Steel Services has management services agreements with other companies considered to be related parties, including J. Howard Inc., Steel Partners, Ltd. and affiliates, and STCN. In total, Steel Services currently charges approximately $3,432 annually to these companies. All amounts billed under these service agreements are classified as a reduction of Selling, general and administrative expenses. The receivable from STCN of $788 as of March 31, 2023 includes amounts receivables for the management services agreement.

Mutual Securities, Inc.

Pursuant to the Management Agreement, the Manager is responsible for selecting executing brokers. Securities transactions for SPLP are allocated to brokers on the basis of reliability, price and execution. The Manager has selected Mutual Securities, Inc. as an introducing broker and may direct a substantial portion of the managed entities' trades to such firm, among others. An officer of the Manager and SPH GP is affiliated with Mutual Securities, Inc. The commissions paid by SPLP to Mutual Securities, Inc. were not significant in any period.

Other

At March 31, 2023 and December 31, 2022, several related parties and consolidated subsidiaries had deposits totaling $1,113 and $1,112 at WebBank, respectively. Approximately $30 and $31 of these deposits, including interest which was not significant, have been eliminated in consolidation as of March 31, 2023 and December 31, 2022, respectively.

17. SEGMENT INFORMATION

SPLP operates through the following segments: Diversified Industrial, Energy, and Financial Services, which are managed separately and offer different products and services. The Diversified Industrial segment is comprised of manufacturers of engineered niche industrial products, including joining materials, tubing, building materials, performance materials, electrical products, cutting replacement products and services, and a packaging business. The Energy segment provides drilling and production services to the oil & gas industry and owns a youth sports business. The Financial Services segment consists primarily of the operations of WebBank, a Utah chartered industrial bank, which engages in a full range of banking activities.

Corporate and Other consists of several consolidated subsidiaries, including Steel Services, equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses.

Steel Services has management services agreements with its consolidated subsidiaries and other related companies as further discussed in Note 16 - "Related Party Transactions." Steel Services charged the Diversified Industrial, Energy and Financial Services segments approximately $10,772, $1,989 and $422, respectively, for the three months ended March 31, 2023 and $10,356, $1,426 and $382, respectively, for the three months ended March 31, 2022. These service fees are reflected as expenses in the segment income (loss) below, but are eliminated in consolidation.

Segment information is presented below:

	Three Months Ended March 31,	
	2023	2022
Revenue:		
Diversified Industrial	$ 304,426	$ 327,249
Energy	48,164	38,317
Financial Services	92,781	40,179
Total revenue	$ 445,371	$ 405,745
Income (loss) from continuing operations before interest expense and income taxes:		
Diversified Industrial	$ 21,138	$ 34,082
Energy	5,240	3,952
Financial Services	25,852	13,927
Corporate and Other	(6,837)	(35,287)
Income from continuing operations before interest expense and income taxes	45,393	16,674
Interest expense	5,986	4,524
Income tax provision	14,604	7,609
Net income	$ 24,803	$ 4,541
Loss of associated companies, net of taxes:		
Corporate and Other	$ 3,967	$ 4,643
Total	$ 3,967	$ 4,643
Segment depreciation and amortization:		
Diversified Industrial	$ 10,015	$ 11,361
Energy	2,540	2,521
Financial Services	216	128
Corporate and Other	172	153
Total depreciation and amortization	$ 12,943	$ 14,163

18. REGULATORY MATTERS

WebBank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain actions by regulators that, if undertaken, could have a direct material effect on WebBank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WebBank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. WebBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As a result of Basel III becoming fully implemented as of January 1, 2019, WebBank's minimum requirements increased for both the quantity and quality of capital held by WebBank. The rules include a new common equity Tier 1 capital to risk-weighted assets ratio ("CET1 Ratio") of 4.5% and a capital conservation buffer of 2.5% of risk-weighted assets, which as fully phased-in, effectively results in a minimum CET1 Ratio of 7.0%. Basel III raises the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0% (which, with the capital conservation buffer, effectively results in a minimum Tier 1 capital ratio of 8.5% as fully phased-in), and effectively results in a minimum total capital to risk-weighted assets ratio of 10.5% (with the capital conservation buffer fully phased-in), and requires a minimum leverage ratio of 4.0%. Basel III also made changes to risk weights for certain assets and off-balance-sheet exposures. WebBank expects that its capital ratios under Basel III will continue to exceed the well capitalized minimum capital requirements, and such amounts are disclosed in the table below:

	Actual		For Capital Adequacy Purposes		Minimum Capital Adequacy With Capital Buffer		To Be Well Capitalized Under Prompt Corrective Provisions	
			Amount of Capital Required					
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2023								
Total Capital								
(to risk-weighted assets)	$ 324,463	15.00 %	$ 173,478	8.00 %	$ 227,689	10.50 %	$ 216,847	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 297,271	13.70 %	$ 130,108	6.00 %	$ 184,320	8.50 %	$ 173,478	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 297,271	13.70 %	$ 97,581	4.50 %	$ 151,793	7.00 %	$ 140,951	6.50 %
Tier 1 Capital								
(to average assets)	$ 297,271	14.10 %	$ 84,146	4.00 %	$ —	—	$ 105,182	5.00 %
As of December 31, 2022								
Total Capital								
(to risk-weighted assets)	$ 306,618	15.00 %	$ 163,952	8.00 %	$ 215,187	10.50 %	$ 204,940	10.00 %
Tier 1 Capital								
(to risk-weighted assets)	$ 280,951	13.70 %	$ 122,964	6.00 %	$ 174,199	8.50 %	$ 163,952	8.00 %
Common Equity Tier 1 Capital								
(to risk-weighted assets)	$ 280,951	13.70 %	$ 92,223	4.50 %	$ 143,458	7.00 %	$ 133,211	6.50 %
Tier 1 Capital								
(to average assets)	$ 280,951	14.70 %	$ 76,300	4.00 %	n/a	n/a	$ 95,375	5.00 %

The Federal Reserve, Office of the Comptroller of Currency and Federal Deposit Insurance Corporation issued an interim final rule that excludes loans pledged as collateral to the Federal Reserve's PPP Lending Facility from supplementary leverage ratio exposure and average total consolidated assets. Additionally, PPP loans will receive a zero percent risk weight under the risk-based capital rules of the federal banking agencies.

In the first quarter of 2023, WebBank elected to apply a modified transition provision issued by federal banking regulators related to the impact of the current expected credit loss accounting standard (CECL) on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL using a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.

19. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for the three months ended March 31, 2023 and 2022 is presented in the following table:

	Three Months Ended March 31,	
	2023	2022
Cash paid during the period for:		
Interest	$ 15,488	$ 4,649
Taxes	$ 659	$ 791

20. SUBSEQUENT EVENT

Transfer and Exchange Agreement

On April 30, 2023, the Company, Steel Excel, Inc. ("Steel Excel"), the Company's wholly-owned subsidiary WebFinancial Holding Corporation ("WebFinancial," and together with Steel Excel, the "Exchanging Parties"), and STCN entered into a Transfer and Exchange Agreement dated as of April 30, 2023 (the "Exchange Agreement"). Pursuant to the Exchange Agreement, on April 30, 2023, the Exchanging Parties exchanged an aggregate of 3,597,744 shares of common stock, par value $0.10 per share, of Aerojet (the "Aerojet Shares") held by the Exchanging Parties for 3,500,000 shares of newly created Series E convertible preferred stock of STCN (the "Series E Preferred Stock," and such exchange and related transactions, the "Transaction") having a liquidation preference equal to $58.1087 per share. Pursuant to the Exchange Agreement, STCN will call a stockholders' meeting (the "STCN Stockholder Meeting") to consider and vote upon the rights of the Series E Preferred Stock to vote and receive dividends together with the STCN Common Shares (as defined below) on an as-converted basis and the issuance of STCN Common Shares upon conversion of the Series E Preferred Stock by the holders at their option, pursuant to the rules and regulations of Nasdaq (the "Nasdaq Proposal") and any other matters which, following the closing of the Transaction, STCN's board of directors (the "STCN Board") deems appropriate to consider and vote upon at the STCN Stockholder Meeting. Upon approval by STCN's stockholders, the Series E Preferred Stock will be convertible into an aggregate of 184,891,318 shares of common stock, par value $0.01 per share, of STCN (the "STCN Common Shares"), subject to adjustment as set forth in the Certificate of Designation, and will vote together with the STCN Common Shares and participate in any dividends paid on the STCN Common Shares (except as described below), in each case, on an as-converted basis.

Stockholders' Agreement

Concurrently with the execution of the Exchange Agreement, the Company, Steel Excel, WebFinancial, WHX CS, LLC, WF Asset Corp., Steel Partners Ltd., Warren G. Lichtenstein and Jack L. Howard (together, the "SP Investors") and STCN entered into a Stockholders' Agreement dated as of April 30, 2023 (the "Stockholders' Agreement"). Pursuant to the Stockholders' Agreement, the parties agreed to certain aspects of STCN's governance, including the creation of an Independent Audit Committee or Disinterested Audit Committee (as defined therein).

The Stockholders' Agreement further provides that (A) prior to September 1, 2025 the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required for the following: (i) a voluntary delisting of the STCN Common Shares from the applicable stock exchange or a transaction (including a merger, recapitalization, stock split or otherwise) which results in the delisting of the STCN Common Shares, STCN ceasing to be an SEC reporting company, or STCN filing a Form 25 or Form 15 or any similar form with the SEC; (ii) an amendment to the terms of the Management Services Agreement (the "Services Agreement") dated June 14, 2019, by and between STCN and Steel Services Ltd.; and (iii) any related party transaction between STCN and the SP Investors and their subsidiaries and affiliates; (B) prior to September 1, 2028, the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required for the Board to approve a going private transaction pursuant to which Steel Partners or its subsidiaries or affiliates acquires the outstanding STCN Common Shares they do not own (or any alternative transaction that would have the same impact); and (C) until the Final Sunset Date, the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required (i) for the Board to approve a short-form or squeeze-out merger between STCN and the SP Investors; or (ii) prior to any transfer of equity interests in STCN by the members of the SP Group (as defined in the Stockholders' Agreement) if such transfers would result in 80% of the voting power and value of the equity interests in STCN that are held by the members of the SP Group being held by one corporate entity.

The Stockholders' Agreement also provides that 70% of the net proceeds received by STCN upon resolution of the Reith litigation will be distributed to STCN's stockholders with the SP Investors agreeing to waive their portion of any such distribution to the extent of any STCN Common Shares held as of the date of the Stockholders' Agreement or issuable upon conversion of the Series E Preferred Stock held by the SP Investors and the Series C Convertible Preferred Stock, par value $0.01 per share, of STCN, and the STCN Note. Any amendment to the Stockholders' Agreement by STCN prior to the date that any person or group of related persons owns 100% of the equity securities of STCN requires the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable.

Voting Agreement

Concurrently with the execution of the Exchange Agreement, the SP Investors and STCN entered into a Voting Agreement, dated as of April 30, 2023 (the "Voting Agreement"). Pursuant to the terms and conditions set forth in the Voting Agreement, each SP Investor has agreed to (i) vote, or cause to be voted, all securities of STCN beneficially owned by each such SP Investor for the approval of the Nasdaq Proposal and against any transaction or proposal that may delay, impair or nullify the approval of the Nasdaq Proposal; (ii) not enter into an agreement to vote in a manner inconsistent with the foregoing; and (iii) not transfer such STCN Common Shares and Subject Shares (as defined in the Stockholders' Agreement), without the prior consent of STCN's audit committee, subject to certain standard exceptions. As the SP Investors currently own more than a majority of the voting power of STCN, approval of the Nasdaq Proposal is assured. The STCN Board of Directors (the "STCN Board"), acting on the unanimous recommendation of a strategic planning committee of the STCN Board consisting solely of independent and disinterested directors of STCN (the "Strategic Planning Committee"), approved the Transaction. The Strategic Planning Committee exclusively negotiated the terms of the Transaction with Steel Partners, with the assistance of its independent legal counsel and financial advisors, which also issued a fairness opinion with respect to the Transaction.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As used in this Quarterly Report on Form 10-Q (this "Form 10-Q"), unless the context otherwise requires, the terms "we," "our," "SPLP" and the "Company" refer to Steel Partners Holdings L.P.

The following discussion is intended to assist you in understanding our present business and the results of operations, together with our present financial condition. This section should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes contained in this Form 10-Q, along with the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 Annual Report"). All monetary amounts used in this discussion are in thousands.

Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, in particular, forward-looking statements under the headings "Item 1 - Financial Statements" and "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements appear in a number of places in this report and include statements regarding the Company's intent, belief or current expectations with respect to, among other things, (i) its financing plans, (ii) trends affecting its financial condition or results of operations and (iii) the impact of competition. The words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and similar expressions are intended to identify such forward-looking statements; however, this report also contains other forward-looking statements in addition to historical information.

Forward-looking statements are only predictions based upon the Company's current expectations and projections about future events. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by the statements. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include: disruptions to the Company’s business as a result of economic downturns; the significant volatility of crude oil and commodity prices; the effects of rising interest rates; the Company’s subsidiaries’ sponsor defined pension plans, which could subject the Company to future cash flow requirements; the ability to comply with legal and regulatory requirements, including environmental, health and safety laws and regulations, banking regulations and other extensive requirements to which the Company and its businesses are subject; risks associated with the Company’s wholly-owned subsidiary, WebBank, as a result of its Federal Deposit Insurance Corporation ("FDIC") status, highly-regulated lending programs, and capital requirements; the ability to meet obligations under the Company's senior credit facility through future cash flows or financings; the risk of management diversion, increased costs and expenses, and impact on profitability in connection with the Company's business strategy to make acquisitions; the impact of losses in the Company's investment portfolio; the Company’s ability to protect its intellectual property rights and obtain or retain licenses to use others' intellectual property on which the Company relies; the Company’s exposure to risks inherent to conducting business outside of the U.S.; the impact of any changes in U.S. trade policies; the adverse impact of litigation or compliance failures on the Company's profitability; a significant disruption in, or breach in security of, the Company’s technology systems or protection of personal data; the loss of any significant customer contracts; the Company’s ability to maintain effective internal control over financial reporting; adverse impacts of the ongoing COVID-19 pandemic on business, results of operations, financial condition, and cash flows; the rights of unitholders with respect to voting and maintaining actions against the Company or its affiliates; potential conflicts of interest arising from certain interlocking relationships amount us and affiliates of the Company’s Executive Chairman; the Company’s dependence on the Manager and impact of the management fee on the Company’s total partners’ capital; the impact to the development of an active market for the Company’s units due to transfer restrictions and other factors; the Company’s tax treatment and its subsidiaries’ ability to fully utilize their tax benefits; the loss of essential employees; and other factors described in the "Risk Factors" in Part I, Item 1A of the Form 10-K that could affect the Company's results. Any forward-looking statement made in this Form 10-Q speaks only as of the date hereof, and investors should not rely upon forward-looking statements as predictions of future events. Except as otherwise required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

OVERVIEW

SPLP, together with its subsidiaries, is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, defense, supply chain management and logistics, banking and youth sports. SPLP operates through the following segments: Diversified Industrial, Energy and Financial Services. Each of our companies has its own management team with significant experience in their respective industries.

The Diversified Industrial segment is comprised of manufacturers of engineered niche industrial products, with leading market positions in many of the markets they serve. The businesses in this segment distribute products to customers through their sales personnel, outside sales representatives and distributors in North and South America, Europe, Australia, Asia and several other international markets. Its manufacturing operations encompass joining materials, tubing, building materials, performance materials, electrical products, cutting replacement products and services, and metallized films.

The Energy segment provides drilling and production services to the oil & gas industry and owns a youth sports business. The operations of the sports business are not material to the Company. The profitability of the energy business is highly sensitive to changes in the price of crude oil. Any future decline in oil prices will negatively impact this business.

The Financial Services segment consists primarily of the operations of WebBank, of which we own 100% through our subsidiary WebFinancial Holding Corporation. WebBank is an FDIC-insured state chartered industrial bank headquartered in Utah. WebBank is subject to comprehensive regulation, examination and supervision of the FDIC and the State of Utah Department of Financial Institutions ("UDFI"). WebBank is not considered a "bank" for Bank Holding Company Act purposes and, as such, SPLP is not regulated as a bank holding company. WebBank engages in a full range of banking activities, including originating loans, issuing credit cards and taking deposits that are federally insured. WebBank originates and funds consumer and small business loans through lending programs with unaffiliated companies that market and service the programs ("Marketing Partners"), where the Marketing Partners subsequently purchase the loans (or interests in the loans) that are originated by WebBank. WebBank retains a portion of the loans it originates for its Marketing Partners. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, proprietary network or bank card program. WebBank participates in syndicated commercial and industrial as well as asset-based credit facilities and asset-based securitizations through relationships with other financial institutions. WebBank has observed and still anticipates economic disruption and loan performance deterioration associated with current risks such as the economic impacts of inflation, rising interest rates and looming recession. WebBank believes this may have a broad negative impact on the macro-economy and may cause estimated credit losses to differ from historical loss experience.

During the three months ended March 31, 2023, WebBank did not issue new loans under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The existing loans were funded by the PPP Liquidity Facility and have terms of between two and five years with repayment guaranteed by the SBA. Payments by borrowers up to sixteen months after the note date, and interest will continue to accrue during the sixteen month deferment at 1%. Loans can be forgiven in whole or in part (up to full principal and any accrued interest) if certain criteria are met. Loan processing fees paid to WebBank from the SBA are accounted for as loan origination fees. Net deferred fees are recognized over the life of the loan as yield adjustments on the loans. If a loan is paid off or forgiven by the SBA prior to its maturity date, the remaining unamortized deferred fees will be recognized in interest income at that time. As of March 31, 2023, the total PPP loans and associated liabilities are $36,013 and $31,692, respectively, and included in Long-term loans receivable, net and Other borrowings, respectively, in the consolidated balance sheet as of March 31, 2023. Upon borrower forgiveness, the SBA pays WebBank for the principal and accrued interest owed on the loan.

Corporate and Other consists of several consolidated subsidiaries, including our subsidiary, Steel Services Ltd ("Steel Services"), equity method and other investments, and cash and cash equivalents. Its income or loss includes certain unallocated general corporate expenses. Steel Services has management services agreements with our consolidated subsidiaries and other related companies. Steel Services provides assignment of C-Level management personnel, legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources, marketing, investor relations, operating group management and other similar services. For additional information on these service agreements, see Note 16 - "Related Party Transactions" to the SPLP consolidated financial statements found elsewhere in this Form 10-Q.

Significant Developments

Transfer and Exchange Agreement

On April 30, 2023, the Company, Steel Excel, Inc. ("Steel Excel"), the Company's wholly-owned subsidiary WebFinancial Holding Corporation ("WebFinancial," and together with Steel Excel, the "Exchanging Parties"), and STCN entered into a Transfer and Exchange Agreement dated as of April 30, 2023 (the "Exchange Agreement"). Pursuant to the Exchange Agreement, on April 30, 2023, the Exchanging Parties exchanged an aggregate of 3,597,744 shares of common stock, par value $0.10 per share, of Aerojet (the "Aerojet Shares") held by the Exchanging Parties for 3,500,000 shares of newly created Series E convertible preferred stock of STCN (the "Series E Preferred Stock," and such exchange and related transactions, the "Transaction") having a liquidation preference equal to $58.1087 per share. Pursuant to the Exchange Agreement, STCN will call a stockholders' meeting (the "STCN Stockholder Meeting") to consider and vote upon the rights of the Series E Preferred Stock to vote and receive dividends together with the STCN Common Shares (as defined below) on an as-converted basis and the issuance of STCN Common Shares upon conversion of the Series E Preferred Stock by the holders at their option, pursuant to the rules and regulations of Nasdaq (the "Nasdaq Proposal") and any other matters which, following the closing of the Transaction, STCN's board of directors (the "STCN Board") deems appropriate to consider and vote upon at the

STCN Stockholder Meeting. Upon approval by STCN's stockholders, the Series E Preferred Stock will be convertible into an aggregate of 184,891,318 shares of common stock, par value $0.01 per share, of STCN (the "STCN Common Shares"), subject to adjustment as set forth in the Certificate of Designation, and will vote together with the STCN Common Shares and participate in any dividends paid on the STCN Common Shares (except as described below), in each case, on an as-converted basis.

Stockholders' Agreement

Concurrently with the execution of the Exchange Agreement, the Company, Steel Excel, WebFinancial, WHX CS, LLC, WF Asset Corp., Steel Partners Ltd., Warren G. Lichtenstein and Jack L. Howard (together, the "SP Investors") and STCN entered into a Stockholders' Agreement dated as of April 30, 2023 (the "Stockholders' Agreement"). Pursuant to the Stockholders' Agreement, the parties agreed to certain aspects of STCN's governance, including the creation of an Independent Audit Committee or Disinterested Audit Committee (as defined therein).

The Stockholders' Agreement further provides that (A) prior to September 1, 2025 the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required for the following: (i) a voluntary delisting of the STCN Common Shares from the applicable stock exchange or a transaction (including a merger, recapitalization, stock split or otherwise) which results in the delisting of the STCN Common Shares, STCN ceasing to be an SEC reporting company, or STCN filing a Form 25 or Form 15 or any similar form with the SEC; (ii) an amendment to the terms of the Management Services Agreement (the "Services Agreement") dated June 14, 2019, by and between STCN and Steel Services Ltd.; and (iii) any related party transaction between STCN and the SP Investors and their subsidiaries and affiliates; (B) prior to September 1, 2028, the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required for the Board to approve a going private transaction pursuant to which Steel Partners or its subsidiaries or affiliates acquires the outstanding STCN Common Shares they do not own (or any alternative transaction that would have the same impact); and (C) until the Final Sunset Date, the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable, is required (i) for the Board to approve a short-form or squeeze-out merger between STCN and the SP Investors; or (ii) prior to any transfer of equity interests in STCN by the members of the SP Group (as defined in the Stockholders' Agreement) if such transfers would result in 80% of the voting power and value of the equity interests in STCN that are held by the members of the SP Group being held by one corporate entity.

The Stockholders' Agreement also provides that 70% of the net proceeds received by STCN upon resolution of the Reith litigation will be distributed to STCN's stockholders with the SP Investors agreeing to waive their portion of any such distribution to the extent of any STCN Common Shares held as of the date of the Stockholders' Agreement or issuable upon conversion of the Series E Preferred Stock held by the SP Investors and the Series C Convertible Preferred Stock, par value $0.01 per share, of STCN, and the STCN Note. Any amendment to the Stockholders' Agreement by STCN prior to the date that any person or group of related persons owns 100% of the equity securities of STCN requires the prior approval of the Independent Audit Committee or the Disinterested Audit Committee, as applicable.

Voting Agreement

Concurrently with the execution of the Exchange Agreement, the SP Investors and STCN entered into a Voting Agreement, dated as of April 30, 2023 (the "Voting Agreement"). Pursuant to the terms and conditions set forth in the Voting Agreement, each SP Investor has agreed to (i) vote, or cause to be voted, all securities of STCN beneficially owned by each such SP Investor for the approval of the Nasdaq Proposal and against any transaction or proposal that may delay, impair or nullify the approval of the Nasdaq Proposal; (ii) not enter into an agreement to vote in a manner inconsistent with the foregoing; and (iii) not transfer such STCN Common Shares and Subject Shares (as defined in the Stockholders' Agreement), without the prior consent of STCN's audit committee, subject to certain standard exceptions. As the SP Investors currently own more than a majority of the voting power of STCN, approval of the Nasdaq Proposal is assured. The STCN Board of Directors (the "STCN Board"), acting on the unanimous recommendation of a strategic planning committee of the STCN Board consisting solely of independent and disinterested directors of STCN (the "Strategic Planning Committee"), approved the Transaction. The Strategic Planning Committee exclusively negotiated the terms of the Transaction with Steel Partners, with the assistance of its independent legal counsel and financial advisors, which also issued a fairness opinion with respect to the Transaction.

RESULTS OF OPERATIONS

Comparison of the Three Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,	
	2023	**2022**
Revenue	$ 445,371	$ 405,745
Cost of goods sold	261,293	268,170
Selling, general and administrative expenses	114,954	86,124
Asset impairment charges	—	403
Interest expense	5,986	4,524
Realized and unrealized (gains) losses on securities, net	(607)	27,726
All other expense, net *	20,371	2,005
Total costs and expenses	401,997	388,952
Income from operations before income taxes and equity method investments	43,374	16,793
Income tax provision	14,604	7,609
Loss of associated companies, net of taxes	3,967	4,643
Net income from continuing operations	$ 24,803	$ 4,541

* includes finance interest, provision for loan losses, and other expense from the consolidated statements of operations

Non-GAAP Financial Measures

We use certain non-GAAP financial measurements as defined by the SEC, which include "Adjusted EBITDA." The Company defines Adjusted EBITDA as net income or loss from continuing operations before the effects of income or loss from investments in associated companies and other investments held at fair value, interest expense, taxes, depreciation and amortization, non-cash pension expense or income, and realized and unrealized gains or losses on investments, and excludes certain non-recurring and non-cash items. The Company is presenting this non-GAAP financial measurement because it believes that this measure provides useful information to investors about the Company's business and its financial condition. The Company believes this measure is useful to investors because it is a measure used by the Board of SPH GP and the Company's management to evaluate its ongoing business, including in internal management reporting, budgeting and forecasting processes, in comparing operating results across the business, as an internal profitability measure, as a component in evaluating the ability and the desirability of making capital expenditures and significant acquisitions, and as an element in determining executive compensation.

However, Adjusted EBITDA is not a measure of financial performance under U.S. GAAP, and the items excluded from this measure are significant components in understanding and assessing financial performance. Therefore, this non-GAAP financial measurement should not be considered a substitute for net income or loss. Because Adjusted EBITDA is calculated before recurring cash charges, including realized losses on investments, interest expense, and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. There are a number of material limitations to the use of Adjusted EBITDA as an analytical tool, including the following:

- Adjusted EBITDA does not reflect the Company's tax provision or the cash requirements to pay its taxes;
- Adjusted EBITDA does not reflect income or loss from the Company's investments in associated companies and other investments held at fair value;
- Adjusted EBITDA does not reflect the Company's interest expense;
- Although depreciation and amortization are non-cash expenses in the period recorded, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect the cash requirements for such replacement;
- Adjusted EBITDA does not reflect the Company's net realized and unrealized gains and losses on its investments;
- Adjusted EBITDA does not include non-cash charges for pension expense and equity-based compensation;
- Adjusted EBITDA does not include amounts related to noncontrolling interests in consolidated entities;
- Adjusted EBITDA does not include certain other non-recurring and non-cash items; and
- Adjusted EBITDA does not include the Company's discontinued operations.

The following table reconciles net income to Adjusted EBITDA:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Adjusted EBITDA Reconciliation		
Net income from continuing operations	$ 24,803	$ 4,541
Income tax provision	14,604	7,609
Income from operations before income taxes	39,407	12,150
Add (Deduct):		
Loss of associated companies, net of taxes	3,967	4,643
Realized and unrealized (gain) losses on securities, net	(607)	27,726
Interest expense	5,986	4,524
Depreciation	9,355	9,899
Amortization	3,588	4,264
Asset impairment charge	—	403
Non-cash pension expense (income)	2,980	(1,901)
Non-cash equity-based compensation	(11)	119
Other items, net	(1,534)	2,743
Adjusted EBITDA	**$ 63,131**	**$ 64,570**

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Segment Adjusted EBITDA		
Diversified Industrial	$ 31,923	$ 47,564
Energy	7,321	5,619
Financial Services	26,212	13,728
Corporate and Other	(2,325)	(2,341)
Total	**$ 63,131**	**$ 64,570**

Revenue

Revenue for the three months ended March 31, 2023 increased $39,626, or 9.8%, as compared to the same period last year, as a result of higher revenue from both Financial Services and Energy segments, partially offset by lower sales from the Diversified Industrial segment, as well as the impact of divestiture of SLPE business in April 2022.

Cost of Goods Sold

Cost of goods sold for the three months ended March 31, 2023 decreased $6,877, or 2.6%, as compared to the same period last year, resulting from lower sales from the Diversified Industrial segment primarily due to the impact of divestiture of SLPE business mentioned above, partially offset by higher material costs. The decrease was partially offset by the impact of higher revenue from the Energy segment.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended March 31, 2023 increased $28,830, or 33.5%, as compared to the same period last year. The increase was primarily due to higher expenses from the Financial Services segment and, to a lesser extent, higher expenses for the Diversified Industrial segment. SG&A expenses for the Financial Services segment increased approximately $21,500, primarily due to higher credit performance fees due to higher credit risk transfer ("CRT") balances and higher personnel costs. SG&A expenses for the Diversified Industrial segment increased approximately $9,000, primarily due to higher personnel costs and professional fees, partially offset by the impact of divestiture of SLPE business.

Asset Impairment Charge

An impairment charge of $403 was recorded for the three months ended March 31, 2022 related to an idle piece of equipment associated with the Joining Materials business unit from the Diversified Industrial segment. There were no asset impairment charges in the 2023 period.

Interest Expense

Interest expense for the three months ended March 31, 2023 increased $1,462, or 32.3%, as compared to the same period last year. The increase was primarily due to higher average interest rates, partially offset by lower average debt levels, as compared to the same period of 2022.

Realized and Unrealized Losses on Securities, Net

The Company recorded gains of $607 for the three months ended March 31, 2023, as compared to losses of $27,726 in the same period of 2022. These gains and losses were due to unrealized gains and losses related to the mark-to-market adjustments on the Company's portfolio of securities, primarily related to the Company's investment in Aerojet, in these periods.

All Other Expense, Net

All other expense, net totaled $20,371 for the three ended March 31, 2023, as compared to $2,005 in the same period of 2022. Higher all other expense, net for the three months ended March 31, 2023 was primarily due to higher finance interest expense and provisions for credit losses related to the Financial Services segment, as compared to the same period of 2022.

Income Tax Provision

The Company recorded income tax provisions of $14,604 and $7,609 for the three months ended March 31, 2023 and 2022, respectively. The Company's effective tax rate was 33.7% and 45.3% for the three months ended March 31, 2023 and 2022, respectively. The lower effective tax rate for the three months ended March 31, 2023 is primarily due to the change in U.S. income tax expense related to unrealized gains and losses on investments. As a limited partnership, the Company is generally not responsible for federal and state income taxes, and its profits and losses are passed directly to its limited partners for inclusion in their respective income tax returns. Provisions have been made for federal, state, local or foreign income taxes on the results of operations generated by our consolidated subsidiaries that are taxable entities. Significant differences between the statutory rate and the effective tax rate include partnership losses for which no tax benefit is recognized, tax expense related to unrealized gains and losses on investment, state taxes, changes in deferred tax valuation allowances and other permanent differences.

Loss of Associated Companies, Net of Taxes

The Company recorded loss from associated companies, net of taxes, of $3,967 for the three months ended March 31, 2023, as compared to $4,643 in the same period of 2022. For the details of each of these investments and the related mark-to-market adjustments, see Note 7 - "Investments" to the Company's consolidated financial statements found elsewhere in this Form 10-Q.

Adjusted EBITDA

Adjusted EBITDA was $63,131 for the three months ended March 31, 2023, as compared to $64,570 for the same period of 2022. Adjusted EBITDA decreased by $1,439 primarily due to decreases in the Diversified Industrial segment primarily driven by lower sales and higher material and personnel costs, as well as the impact from divestiture of SLPE business. That decrease was partially offset by: 1) higher revenue at the Financial Services segment that was partially offset by higher finance interest and credit loss provisions, as well as higher personnel costs; and 2) strong revenue at the Energy segment primarily resulting from higher volume and favorable pricing.

Segment Analysis

	Three Months Ended March 31, 2023	2022
Revenue:		
Diversified Industrial	$ 304,426	$ 327,249
Energy	48,164	38,317
Financial Services	92,781	40,179
Total revenue	$ 445,371	$ 405,745
Income (loss) from operations before interest expense and income taxes:		
Diversified Industrial	$ 21,138	$ 34,082
Energy	5,240	3,952
Financial Services	25,852	13,927
Corporate and other	(6,837)	(35,287)
Income from operations before interest expense and income taxes	45,393	16,674
Interest expense	5,986	4,524
Income tax provision	14,604	7,609
Net income from continuing operations	$ 24,803	$ 4,541
Loss of associated companies, net of taxes:		
Corporate and other	$ 3,967	$ 4,643
Total	$ 3,967	$ 4,643
Segment depreciation and amortization:		
Diversified Industrial	$ 10,015	$ 11,361
Energy	2,540	2,521
Financial Services	216	128
Corporate and other	172	153
Total depreciation and amortization	$ 12,943	$ 14,163

Diversified Industrial

Net sales for the three months ended March 31, 2023 decreased $22,823, or 7.0%, as compared to the same period of 2022. The decrease was primarily driven by the Building Materials business of $26,700 and the Electrical Products business of $7,700, partially offset by growth from the Performance Materials business of $6,000, Tubing business of $3,500, and Kasco business of $3,000, all due primarily to the impact of higher sales volume and favorable pricing. The decrease for the Building Materials business unit was primarily driven by lower volume from its roofing products. The decrease for the Electrical Products business unit was primarily due to the impact from the divestiture of the SLPE business, partially offset by growth from MTE driven by higher demand from medical, oil & gas, and general industrial sectors.

Segment operating income for the three months ended March 31, 2023 decreased $12,944, as compared to the same period of 2022. Lower operating income for the 2023 period was primarily driven by lower sales volume, higher material and personnel costs from the Building Material business unit, as well as the impact from the divestiture of the SLPE business.

Segment adjusted EBITDA for the three months ended March 31, 2023 decreased $15,641, as compared to the same period in 2022, primarily due to lower sales volume, higher material and personnel costs from the Building Material business, as well as the impact from the divestiture of the SLPE business as mentioned above.

Energy

Net revenue for the three months ended March 31, 2023 increased $9,847, or 25.7%, as compared to the same period of 2022. The increases in net revenue were primarily due to higher volume and favorable pricing driven by higher demand from the energy sector as a result of higher energy prices.

Segment operating income for the three months ended March 31, 2023 increased $1,288, as compared to the same period of 2022 primarily driven by strong revenue mentioned above, partially offset by higher material and labor costs during the 2023 period.

Segment Adjusted EBITDA for the three months ended March 31, 2023 increased $1,702, as compared to the same period of 2022. The increase was primarily driven by strong revenue mentioned above, partially offset by higher material and labor costs.

Financial Services

Revenue for the three months ended March 31, 2023 increased $52,602, or 130.9%, as compared to the same period of 2022. The increase was primarily due to an increase in interest income and fees from higher asset based lending, credit risk transfer, held for sale balances, and interest rates as compared to the three months ended March 31, 2022.

Segment operating income for the three months ended March 31, 2023 increased $11,925, as compared to the same period of 2022. The increase was primarily due to higher revenue as discussed above, partially offset by higher SG&A costs, finance interest expenses and provision for credit losses. The increase in SG&A costs was driven by higher credit performance fees due to higher credit risk transfer balances as well as higher personnel costs. The higher finance interest expense was due to an increase in deposits and higher interest rates, partially offset by a decrease in PPPLF ("Paycheck Protection Program Liquidity Facility") borrowings driven by lower PPP balances. The provision for credit losses increased $6,524, which was primarily driven by increased quantitative easing in 2022 driven by macro-economic concerns related to high inflation and recessionary pressure and higher held to maturity balances as well as the impact related to the adoption of ASU 2016-13.

Segment Adjusted EBITDA for the three months ended March 31, 2023 increased $12,484, as compared to the same period of 2022, primarily due to higher revenue, partially offset by higher SG&A costs, finance interest expenses and provision for credit losses as mentioned above.

Corporate and Other

Operating loss was $6,837 for the three months ended March 31, 2023, as compared to an operating loss of $35,287 for the three months ended March 31, 2022. The fluctuations were primarily due to changes in investment results from long-term investments.

DISCUSSION OF CONSOLIDATED CASH FLOWS

The following table provides a summary of the Company's consolidated cash flows from continuing operations for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Net cash used in operating activities	$ (48,248)	$ (13,310)
Net cash (used in) provided by investing activities	(153,963)	35,482
Net cash provided by (used in) financing activities	272,717	(145,864)
Net change for the period	$ 70,506	$ (123,692)

Cash Flows from Operating Activities

During the three months ended March 31, 2023, the Company used $48,248 of cash, which was primarily due to changes in operating assets and liabilities of $112,589, partially offset by operating income of $24,803 and adjustments to operating income, including depreciation and amortization of $12,943, deferred income taxes of $9,722, and provision for credit losses of $7,806. During the three months ended March 31, 2022, the Company used $13,310 of cash, which was primarily due to changes in operating assets and liabilities of $64,997, partially offset adjustments to operating income, including realized and unrealized loss on securities of $27,726 and depreciation and amortization of $14,163.

Cash Flows from Investing Activities

During the three months ended March 31, 2023, the Company used $153,963 of cash, which was primarily due to loan originations, net of collections, of $174,982 and capital expenditures of $10,708, partially offset by proceeds from maturities of investments of $36,512. During the three months ended March 31, 2022, the Company generated $35,482 of cash, which was primarily due to loan originations, net of collections of $56,879, partially offset by purchases of investments of $19,015.

Cash Flows from Financing Activities

During the three months ended March 31, 2023, the Company generated $272,717 of cash, which was primarily due to an increase in deposits of $285,720, partially offset by repayments of PPP borrowings of $9,950. During the three months ended March 31, 2022, the Company used $145,864 of cash, which was primarily due to repayments of PPP borrowings of $117,733, share repurchases of $10,418, and purchases of subsidiary shares from noncontrolling interest $8,606.

LIQUIDITY AND CAPITAL RESOURCES

SPLP (excluding its operating subsidiaries, "Holding Company") is a diversified global holding company with assets that principally consist of the stock of its direct subsidiaries, equity method and other investments, and cash and cash equivalents. The Company works with its businesses to enhance their liquidity and operations and increase long-term value for its unitholders and stakeholders through working capital improvements, capital allocation policies, and operational and growth initiatives. Management plans to use the following strategies to continue to enhance liquidity: (1) continuing to implement improvements using the *Steel Business System* throughout all the Company's operations to increase sales and operating efficiencies, (2) supporting profitable sales growth both internally and potentially through acquisitions and (3) evaluating from time to time and as appropriate, strategic alternatives with respect to its businesses and/or assets. The Company continues to examine all of its options and strategies, including acquisitions, divestitures and other corporate transactions, to increase cash flow and stakeholder value.

The Company's senior credit facility, as amended and restated, (the "Credit Agreement") consists of a senior secured revolving credit facility in an aggregate principal amount not to exceed $600,000 (the "Revolving Credit Loans"), which includes a $50,000 subfacility for swing line loans, a $50,000 subfacility for standby letters of credit and a currency sublimit (available in euros and pounds sterling) equal to the lesser of $75,000 and the total amount of the Revolving Credit Commitment. The Credit Agreement covers substantially all of the Company's subsidiaries, with the exception of WebBank. Availability under the Credit Agreement is based upon earnings and certain covenants, including a maximum ratio limit on Total Leverage and a minimum ratio limit on Interest Coverage, each as defined in the Credit Agreement. The Credit Agreement is subject to certain mandatory prepayment provisions and restrictive and financial covenants, primarily the leverage ratios described above. The Company was in compliance with all financial covenants as of March 31, 2023. The Company believes it will remain in compliance with the Credit Agreement's covenants for the next twelve months. If the Company does not meet its financial covenants, and if it is unable to secure necessary waivers or other amendments from its lenders on terms acceptable to management, its ability to access available lines of credit could be limited, its debt obligations could be accelerated and liquidity could be adversely affected. The Credit Agreement will expire on December 29, 2026, and all outstanding amounts will be due and payable.

The Holding Company and its operating subsidiaries believe that they have access to adequate resources to meet their needs for normal operating costs, capital expenditures, pension payments, debt obligations and working capital for their existing business, as well as to fund its taxes, legal and environmental matters, for at least the next twelve months. These resources include cash and cash equivalents, investments, cash provided by operating activities and unused lines of credit. The Holding Company and its operating businesses' ability to satisfy their debt service obligations, to fund planned capital expenditures and required pension payments, and to make acquisitions or repurchase units under its common unit repurchase program will depend upon their future operating performance, which will be affected by prevailing economic conditions in the markets in which they operate, as well as financial, business and other factors, some of which are beyond their control. As indicated above, there can be no assurances that the Holding Company and its operating businesses will continue to have access to their lines of credit if their financial performance does not satisfy the financial covenants set forth in their respective financing agreements, which could also result in the acceleration of their debt obligations by their respective lenders, adversely affecting liquidity.

As of March 31, 2023, the Company's working capital was $214,647, as compared to working capital of $156,085 as of December 31, 2022. The Company's total availability under the Credit Agreement was approximately $408,300 as of March 31, 2023. During the three-month period ended March 31, 2023, capital expenditures were $10,708, as compared to $7,746 for the same period of 2022. The Company currently expects full year capital expenditures in the range of $54,000 to 67,000 in 2023, as compared to $47,541 in 2022. The Company and its subsidiaries have ongoing commitments, which include funding of the minimum requirements of its subsidiaries' pension plans. During the three months ended March 31, 2023, the Company did not contribute to its pension plans. As of March 31, 2023, the Company currently estimates it will contribute $5,814 to its pension plans during the remainder of 2023. On April 13, 2023, the Company contributed $2,000 to its pension plans. Required future pension contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, including the impact of declines in pension plan assets and interest rates, as well as other changes such as any plan termination or other acceleration events.

WebBank manages its liquidity to provide adequate funds to meet anticipated financial obligations, such as certificate of deposit maturities and to fund customer credit needs. WebBank had $250,601 and $174,257 in cash and cash equivalents, time deposits placed at other institutions and federal funds sold as of March 31, 2023 and December 31, 2022, respectively. WebBank had $15,250 and $55,000 in lines of credit from its correspondent banks as of March 31, 2023 and December 31, 2022, respectively. WebBank had $376,705 and $285,584 available from the Federal Reserve discount window as of March 31, 2023 and December 31, 2022, respectively. Therefore, WebBank had a total of $642,556 and $514,841 in cash, lines of credit and access to the Federal Reserve Bank discount window as of March 31, 2023 and December 31, 2022, respectively, which represents approximately 28.9% and 26.9%, respectively, of WebBank's total assets, excluding PPP loans.

OTHER

Critical Accounting Estimates Update

The Company's consolidated financial statements are prepared in conformity with U.S. GAAP, which require us to make estimates and assumptions that affect the amounts reported in the financial statements. The critical accounting policies and estimates that we believe are most critical to the portrayal of our financial condition and results of operations are reported in the "Critical Accounting Policies" section of Part II. Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2022 Annual Report.

As of March 31, 2023, the Company did not identify any indicators of impairment and determined its goodwill, other intangible assets and long-lived assets were not impaired. However, it is possible in future periods that declines in market conditions, customer demand or other potential changes in operations may increase the risk that these assets are impaired.

As of both March 31, 2023 and December 31, 2022, the Electrical Products reporting unit had goodwill of $46,445. As of December 31, 2022, the Electrical Products reporting unit's fair value exceeded its net book value by 5%. The fair value of the Electrical Products reporting unit can be significantly impacted by the reporting unit’s performance, the amount and timing of expected future cash flows, decreased customer demand for Electrical Products' services, management’s ability to execute its business strategies, and general market conditions, such as economic downturns, and changes in interest rates, including discount rates. Future cash flow estimates are, by their nature, subjective, and actual results may differ materially from the Company's estimates. Based on our assessment of these circumstances, we have determined that goodwill at our Electrical Products reporting unit is at risk for future impairment if the Company's ongoing cash flow projections are not met or if market factors utilized in the impairment test deteriorate, including an unfavorable change in the terminal growth rate or the weighted-average cost of capital, the Company may have to record impairment charges in future periods.

During the first quarter of 2023, the Company adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This new standard changed the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and added certain new required disclosures. Under the expected loss model, entities recognize estimated credit losses over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. The Company adopted ASU 2016-13 on January 1, 2023. The guidance was applied on a modified-retrospective basis, with the cumulative-effect adjustment recorded to partners' capital on the adoption date. The adoption did not have a material effect on the Company’s trade receivables and other financial assets of its Diversified Industrial and Energy segments. The Company's Financial Services segment recognized an increase of $5,248 to its Allowance for Credit Losses and a decrease of $3,862, net of tax cumulative effect adjustment to the beginning balance of partners' capital from the adoption of ASU 2016-13. Determining the appropriateness of the allowance requires judgment by management about the effect of matters that are inherently uncertain. Changes in factors and forecasts used in evaluating the overall loan portfolio may result in significant changes in the allowance for credit losses and related provision expense in future periods. The allowance level is influenced by loan volumes, loan asset quality ratings, delinquency status, historical credit loss experience, loan performance characteristics, forecasted information and other conditions influencing loss expectations. Changes to the assumptions in the model in future periods could have a material impact on the Company's Consolidated Financial Statements. See Note 1 - "Nature of the Business and Basis of Presentation" for a detailed discussion of the Company's methodologies for estimating expected credit losses.

There were no material changes to the critical accounting policies during the three months ended March 31, 2023, as compared to those disclosed in the Company's 2022 Annual Report, except for the updates to the Allowance for Credit Losses policy described in Note 1 - "Nature of the Business and Basis of Presentation". In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our quantitative and qualitative disclosures about market risk, as compared to the quantitative and qualitative disclosures about market risk described in the 2022 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation under the supervision and with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Disclosure controls and procedures are controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company, including its consolidated subsidiaries, in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its Principal Executive and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, the Company's management, including the Principal Executive Officer and the Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company and its subsidiaries are parties to a variety of legal actions arising out of the normal course of business and otherwise. For further information regarding our legal proceedings, see the description of legal and environmental matters set forth in Note 15 - "Commitments and Contingencies" to the SPLP consolidated financial statements included in Part I of this Form 10-Q and incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors as disclosed in Part I, Item 1A, Risk Factors in our most recent Annual Report on Form 10-K, other than as set forth below. Investors are encouraged to review such risk factors in such Form 10-K and below prior to making an investment in the Company.

Risks Related to Our Business

Recent events affecting the financial services industry could have an adverse impact on our business and financial condition.

The recent closures of Silicon Valley Bank, Signature Bank and Silvergate Capital Corporation, as well as acquisitions of Credit Suisse and First Republic Bank at regulators' behest, have created bank-specific and broader financial institution liquidity risks and concerns. While we did not have any material deposits at any of these institutions, uncertainty remains over liquidity concerns in the financial services industry and potential impacts on the broader global economy, and our business, our customers and suppliers, and/or industry as a whole may be adversely impacted in ways that we cannot predict at this time.

If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash and cash equivalents may be threatened. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds, such parties' ability to pay or perform their obligations to us or to enter into new commercial arrangements requiring additional payments to us or additional funding could be adversely affected. Moreover, sufficient external financing may not be available to us on a timely basis, on commercially reasonable terms to us, or at all. Any of these events could adversely affect our business and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Issuer Purchases of Equity Securities

The Board of SPH GP, has approved the repurchase of up to an aggregate of 7,770,240 of the Company's common units ("Repurchase Program"). The Repurchase Program was announced on December 7, 2016 and supersedes and cancels, to the extent any amounts remain available, all previously approved repurchase programs, as discussed in further detail in Note 11 - "Capital and Accumulated Other Comprehensive Loss." Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. In connection with the Repurchase Program, the Company may enter into a stock purchase plan. The Repurchase Program has no termination date. In the three months ended March 31, 2023, the Company repurchased 75,504 common units for $3,248. Since inception of the Repurchase Program the Company had purchased 7,421,496 common units for an aggregate price of approximately $147,606. As of March 31, 2023, there were approximately 348,744 common units that may yet be purchased under the Repurchase Program. In April 2023, the Company repurchased 720 common units for $30. On May 4, 2023, the Board of SPH GP approved an increase of 1,000,000 common units to the Repurchase Program.

The following table provides information about our repurchases of common units during the three months ended March 31, 2023. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table.

Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Approximate Number of Units that May Yet Be Purchased Under the Plans or Programs
January 1, 2023 through January 31, 2023	—	$ —	—	424,248
February 1, 2023 through February 28, 2023	—	$ —	—	424,248
March 1, 2023 through March 31, 2023	75,504	$ 43.02	75,504	348,744
Total	75,504		75,504	

Item 6. Exhibits

Exhibit No.	Description
10.1*	Separation Agreement and General Release, dated as of January 20, 2023, between the Company and Gordon Walker (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the SEC on January 26, 2023).
10.2	Transfer and Exchange Agreement, dated as of April 30, 2023, by and among Steel Partners Holdings L.P., Steel Excel, Inc., WebFinancial Holding Corporation and Steel Connect, Inc. (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023).
10.3	Stockholders’ Agreement, dated as of April 30, 2023, by and among Steel Connect, Inc., Steel Partners Holdings L.P., and the other stockholders signatory therein (incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023).
10.4	Voting Agreement, dated as of April 30, 2023, by and among Steel Connect, Inc., Steel Partners Holdings L.P., WebFinancial Holding Corporation, WHX CS, LLC, WF Asset Corp., Steel Partners, Ltd., Warren G. Lichtenstein, and Jack L. Howard. (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 1, 2023).
31.1+	Certification of Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2+	Certification of Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934 (furnished herewith).
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934 (furnished herewith).
101.INS+	Inline XBRL Instance Document.
101.SCH+	Inline XBRL Taxonomy Extension Schema.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase.
104+	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101).

* Management contract or compensatory plan or arrangement.
+ Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated:	May 4, 2023	STEEL PARTNERS HOLDINGS L.P.	
		By:	Steel Partners Holdings GP Inc., Its General Partner
		By:	/s/ Jason Wong
			Jason Wong Chief Financial Officer and Authorized Signatory (Principal Financial Officer)

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Warren G. Lichtenstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Steel Partners Holdings L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date:
May 4, 2023

/s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Executive Chairman
of Steel Partners Holdings GP Inc.

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Jason Wong, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Steel Partners Holdings L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:
May 4, 2023

/s/ Jason Wong
Jason Wong
Chief Financial Officer
of Steel Partners Holdings GP Inc.

EXHIBIT 32.1

Certification of the Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Steel Partners Holdings L.P. (the "Partnership") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren G. Lichtenstein, Executive Chairman of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date:
May 4, 2023

/s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Executive Chairman
of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

Certification of the Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Steel Partners Holdings L.P. (the “Partnership”) on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jason Wong, Chief Financial Officer of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date:
May 4, 2023

/s/ Jason Wong
Jason Wong
Chief Financial Officer
of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.